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IN THIS WEEK'S ISSUE —

“Geneva by Christmas?”... That is what some Israeli and other Mideast leaders are saying... In this week's **INTERNATIONAL** report, an assessment of the aftermath of the historic Begin-Sadat summit, and the prospects for a definitive settlement... An important part of the story: the **international energy deals**, centering on the Mideast nations, that are redefining the region's political geometry **away from British-dominated controlled conflict** — and allied **Kissingerian step-by-step** — toward peace and development... including a **grid of the worldwide nuclear energy agreements** that threaten to leave the U.S., and anyone else who opposes the spread of nuclear technology, **out in the cold**...

* * *

Featured: an analysis of **Begin and Sadat's peace moves** by U.S. Labor Party chairman **Lyndon H. LaRouche, Jr.**, who describes the summit as **“a victory of U.S. over British intelligence”**... lays out the basis for a **lasting peace, or continued British sabotage**... and draws the implications for the **U.S. energy fight**... A **press survey** shows initial reactions to the Sadat visit to Israel from **Western Europe**... In addition, a look at the **Soviets' attitude**, and how it may be **shifting**...all in **INTERNATIONAL**...

At the heart of the **ominous developments in the world's trade and money markets** is the same battle between **“British” policy and high-technology development**... The industrial nations' **whopping 9 percent drop in trade** during the last quarter can't be explained by oil prices or energy waste, says this week's **ECONOMICS** report... It's due to the cancerous **“hot money” flows** created and fed by the **London and allied Wall Street bankers' application of British colonial economics** to advanced and developing sectors alike... Backing up this story, an examination of the **turn to protectionism** and trade war in the face of the drying up of world trade... in particular, **U.S. threats against Japan**... and the way the trade downturn is **affecting the currency markets**... There's also a proposal for **breaking the self-feeding downward trade spiral** through the **United States Export-Import Bank**... in a report that shows how the bank's 32-year-old legislated powers could be used, **if the U.S. Executive so orders**, to harness the world's hot money into **hard-commodity trade credits**...

* * *

The names **Schlesinger and Kissinger** pinpoint the **Tory factional gambits inside the U.S.** this week, in both **energy and foreign policy**... Our **U.S. REPORT** lays bare how

energy czar Schlesinger is **engineering a dirty compromise** on energy that will take the **worst** of the House and Senate energy legislation... and **explains the liberal outcry** against the antitechnology Energy Secretary's "**pro-nuclearism**"... Included: Schlesinger's speech to the NAACP, and **why it was coolly received**... Meanwhile, the war between **Henry Kissinger and the Carter Administration's Mideast peacemakers** is coming out in the open... we tell you **what Kissinger's been up to, and how the Administration is responding**, with excerpts from the speeches and press statements that highlight the fight... Plus an **exclusive report on how the political machine around Averell Harriman is preparing for a national organizing drive to win congressional passage of the Panama Canal Treaty**...

* * *

A **new three-pronged attack** is being planned against the **Teamsters**, warns this week's **LABOR** section... from the press, the government, and the "union dissident" group-lets... featuring interviews from the **men who are planning the assault**: a counterculture journalist, and the leader of the provocateur "Teamsters for a Democratic Union"... A **report on recent labor settlements** takes up the Labor Department's prediction of a **new era of labor-management confrontation**... and evaluates three important recent agreements that reveal a "**depression mentality**" **boding ill for labor and management both**... including a **voluntary 10 percent wage cut** among some New York construction workers, the destruction of the **mineworkers' union**, and the ominous trend presaged by the **Boeing settlement**... Our **Special Report** this issue

unveils collaboration between the **United Auto Workers' leadership and government agencies** to suppress opponents of zero growth and slave labor... with **documents linking the UAW to the Federal Elections Commission witch-hunt against the U.S. Labor Party**...

* * *

Who said, "**Destroy property, before it destroys you**"?... answer: terrorist **Ralph Nader**... Under this battlecry, the "environmentalists" are **going after the United States' already inadequate network of nuclear power plants**... **ENERGY** this week tells how environmentalist obstructions and the Administration's antinuclear policy is **driving the U.S. nuclear industry out of business**... and describes one week of the Mobilization for Survival's mobilization of terrorists, anarchists, and potheads for "**another May '68**" **against nuclear energy and its advocates**...

* * *

The nuclear energy issue is also in the **forefront in LATIN AMERICA**... Our report this issue pulls together the latest documentary evidence of the drive to use nuclear power to develop the region, **linked to debt moratorium**... and of the attempted wrecking operation by U.S. Secretary of State Cyrus Vance **against the West German-Brazil nuclear deal** in particular, and **independent nuclear development policy** in general... including how Wall Street think-tanks like the **Stanley Foundation** have **roped Venezuela's Perez and other Latin American leaders** into going along with the U.S. ...

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Geneva By Christmas?

"The purpose of the visit was to make real preparations for a Geneva conference and this has been completed," an Egyptian official told a semi-official Middle East News Agency this week, concerning the historic visit to Israel by Egypt's Anwar Sadat. Replied an Israeli official, "Israel is determined to reconvene the Geneva conference by Christmas."

That exchange, typical of the warm exchanges between the two warring countries this week, reflects the general optimism about breakthrough toward a peace in the Middle East. Such a breakthrough, which still hinges on an Israeli willingness to recognize the necessity for a Palestinian state on the West Bank, has already begun to conjure visions of a vast development surge throughout the Middle East. West Germany and France, in particular, have given indications of their willingness to underwrite a Middle East peace by oil-for-technology deals with the Arab countries, including nuclear power plants.

Pending a concrete statement by either Egypt or Israel of reported behind-the-scenes concessions by the Israelis on the core question of Palestinian rights — a statement that may come in Sadat's Nov. 26 speech to the Egyptian people — the key outcome of the Sadat-Begin talks is the shattering of 30 years of absence of direct Arab-Israeli talks. The shuttle diplomacy of Henry Kissinger was soundly repudiated for what it was: a cynical and manipulative game of control. Sadat's trip to Israel, the right-wing Egyptian daily *Al Akhbar* stated, has managed to "free the Arab cause of middlemen and powers that put their own interests above those of the Arabs."

What happened in effect during the stunning Egypt-Israel meeting was that two national leaders each acted in the national interest of his own country. "It was a 'breakout' policy by both sides," said a top Pentagon analyst, who said that the two leaders — whose meeting was arranged by Romania's President Ceausescu to the surprise of both Washington and Moscow — has simply decided to move together toward peace. "Sadat decided to become his own Kissinger," he said.

The PLO Question

In the wake of the Sadat-Begin talks, tremendous pressure has developed on Israel to show some conciliation on the crucial question on the Palestine Liberation Organization and on the rights of the Palestinians to a homeland. The *Baltimore Sun* reported that even within Israel's own population, the often reiterated refusal to recognize the Palestinians has come under attack. And despite the lack of visible signs, there were widespread reports that, in fact, Begin had agreed during his secret talks with Sadat to move Israel in that direction.

"We are not worried," an Egyptian official was quoted as saying in regard to Arab criticism of the Sadat initiative. "There will be an important, highly significant development shortly, we were given to understand in Jerusalem."

According to French radio, Begin agreed to accept a formula to have "low-level PLO members" represent the Palestinians at Geneva, in a delegation headed by an American professor of Palestinian origin. Two weeks ago, Sadat made that suggestion and reportedly received PLO Chairman Yasser Arafat's approval. The report also mentioned Dec. 25 as the date for reconvening the Geneva conference.

An intensive policy review is underway in Israel — in secret — to discuss Israel's response to the Sadat visit. By throwing himself open to the criticism of other Arab leaders, Sadat risked "his regime and his life," said one analyst, and it is widely assumed that Prime Minister Begin must have given Sadat some prior assurance about a compromise — provided that the Dayan action is defeated within Begin's cabinet. Said an Egyptian official, "The results are not far off, and will be as dramatic as this visit." Commented a Washington diplomat: "I hope for Sadat's sake it's true."

Assad, Arafat Silent

Both Arafat and Syrian President Hafez Assad have so far remained relatively silent on the Sadat trip, although Syrian and Palestinian officials are loudly attacking the Egyptian as a "traitor" to the Arab cause. The rhetorical crescendo came in a speech to the United Nations last week by the Syrian ambassador, who accused Sadat of "shaking hands with Zionist butchers" and "kissing the cheek of the racist Golda Meir." The speech provoked an Egyptian walkout.

But in informed circles, it is known that neither Assad nor Arafat wish to cut their ties with Egypt, and are merely playing it cautiously to prevent an Egyptian sellout. Sudan, Morocco, Oman, and most important Jordan, have already endorsed the Sadat trip, and Saudi Arabia is known to back Sadat as well, along with the Gulf states and North Yemen. The Saudi chargé d'affaires in Cairo told the press, concerning the Sadat visit to Israel, "I personally am satisfied." But officially, so far, the Saudis have maintained silence in order to mediate between the Egyptians and Syria.

Arab "radicals," led by Libya and Algeria, are organizing for an Arab countermove to oppose Sadat's policies. Libyan Prime Minister Jalloud and Algerian President Boumediene visited Syria and Iraq to organize for an intended "Arab summit" of the Rejection Front. But even before it began, Iraq rejected the Rejection Front, citing Sadat and Assad as "criminals" and "capitulationists." Libya broke diplomatic relations

with Egypt. But most observers agreed with Israel's Abba Eban, who described Arab opposition to Sadat as "cries of impotence and despair."

By the end of last week, pending the Nov. 26 Sadat address to Egypt, there were mounting signs that the USSR, Syria, and the PLO were moderating their initial opposition to Sadat's trip. The *Washington Post* reported that official Syrian media had shifted from calling Sadat a "traitor" to a "dupe," while the PLO's Khalid Fahoum, chairman of the Palestine National Council, welcomed the Sadat speech to the Israel Knesset for its hardline

defense of the Arab position and Palestinian rights.

The Soviet Union itself, under the influence of the Arbatov "Fabian" faction, has largely refrained from supporting the Sadat initiative, but has not yet issued a strong official condemnation of Sadat, preferring to quote Syrian and other Arab attacks on Egypt in *Pravda*. But the Hungarian Communist party daily late last week gave cautious approval to Sadat's voyage, joining the enthusiastic Romanians — and portending, perhaps, a Soviet shift.

— Bob Dreyfuss

Sadat-Begin Talks Lay Foundation For Mideast Economic Development

In the aftermath of the historic meeting between Israeli Prime Minister Menachem Begin and Egyptian President Anwar Sadat in Jerusalem, the world is viewing the Middle East as an emergency center for Arab-Israeli economic development projects involving extensive Western European and U.S. financial and technological input.

In their speeches before the Israeli Knesset Nov. 20, both Begin and Sadat explicitly addressed the need for cooperation between the Arab world and Israel to develop the region. Begin endorsed the recent call of Morocco's King Hassan II for combining Arab and Jewish genius to "turn this area into a paradise on earth." Sadat stressed the urgent need for the construction of "a huge edifice of peace ... that serves as a beacon for generations to come with the human message for construction, development, and the dignity of man."

In the Nov. 24 *New York Times*, financial writer Leonard Silk commented on the possibilities for joint economic cooperation in the region. While Israel is a country oriented toward high technology, Egypt is primarily agricultural, Silk observed. Both countries are reeling under the burden of devoting more than one-fourth of their respective national budgets to defense, problems that "a deep and lasting peace in the Middle East" would do much to ease. "If the politics of peace can lead the way," wrote Silk, "the economics of development seems bound to follow."

French Push Nuclear Development

Leading Western European countries are making it clear that they are more than merely "interested" in involving themselves in the newly-created prospects for

"Why don't we stand together with the same courage and daring to erect a huge edifice of peace? An edifice that builds and does not destroy. An edifice that serves as a beacon for generations to come with the human message for construction, development, and the dignity of man."

—Anwar Sadat, Nov. 20, 1977, before the Israeli Knesset

Mideast economic growth. Last week, the Egyptian daily *Al Ahram* reported that French and Egyptian officials are discussing the possibility of building a string of nuclear power plants along the Mediterranean and Red Seas to deal with Egypt's power needs until the year 2000. At the same time, the French daily *Les Echos* wrote of the "high hopes" for a "powerful economic takeoff in the Middle East," while leading French strategist Gen.

"We are proposing economic cooperation for the development of our countries. There are wonderful countries in the Middle East. The Lord created it thus: oases in the desert, but there are deserts as well and we can make them flourish. Let us cooperate in this field. Let us develop our countries. Let us eliminate poverty, hunger, and the lack of shelter. Let us raise our peoples to the level of developed countries ... And with all due respect, I am willing to confirm the words of his majesty the King of Morocco, who said—in public, too—that if peace arises in the Middle East, the combination of Arab genius and Jewish genius together can turn this area into a paradise on earth."

—Menachem Begin, Nov. 20, 1977, before the Israeli Knesset

Georges Buis discussed in depth the possibilities for "economic unity" that the peace drive has opened up.

On Dec. 21, West German Prime Minister Helmut Schmidt, who fully backs France's energy development initiatives, arrives in Egypt. The West German government is known to favor a debt moratorium for Egypt's debt-strapped economy as well as investment to develop Egyptian industry.

The Nov. 22 West German financial daily *Handelsblatt*, in reporting on the Begin-Sadat meeting, revealed that Israeli Finance Minister Simcha Ehrlich has prepared a memorandum on the prospects of future Egyptian-Israeli economic cooperation involving agricultural coordination, free trade between both countries, and the construction of nuclear power plants. Talks are currently

being held in Jerusalem to take up the issue of cooperation over raw materials.

Development is also the focus of Italy's coverage of the Sadat-Begin talks. The Italian daily *L'Unita* reported Nov. 21 that "behind the meeting there may be an economic cooperation plan," noting that two joint economic plans have already been drawn up, one by Israel, and the other by Egypt, with the latter written by an Egyptian Marxist.

Mexico Calls For Joint Arab-Israeli Cooperation

Following West Germany and France's lead, Mexico has firmly backed the Egyptian-Israeli detente as the precursor of Middle East development. In a statement made last week praising Sadat's trip to Israel, Mexican President Jose Lopez Portillo called for a joint Arab-Israeli development program as the only way to ensure a lasting Middle East peace. "I have always reflected on the significance for the stability and structure of the world if that area were successfully united," said Lopez Portillo. "Imagine what could be done in the Middle East with the resources of the Arab world and the technology and organization of the Israeli people." The Mexican President continued by blasting Kissinger-style diplomacy, stating that it was clear that negotiations are much easier "when intermediaries are eliminated."

Lopez Portillo's remarks were made on the eve of the arrival of Israeli President Ephraim Katzir in Mexico. Upon Katzir's arrival, the Mexican President reiterated his call for economic cooperation and the Arab nations to transform the region from a "critical zone" into a "prosperous" one.

Global Strides Toward Nuclear Power Isolate U.S. Policy

A series of highly significant international agreements and governmental policy commitments have critically tipped the international balance toward development of nuclear power resources. This international push comes at a time when the U.S. nuclear industry is threatened with imminent bankruptcy from the combined efforts of the Carter Administration, congressional non-proliferation policies, and domestic sabotage of nuclear energy by environmentalist movements. Among the most significant such international agreements occurring over recent days:

**Iran and West Germany:* Iran signed a "qualified letter of intent" Nov. 10 with Kraftwerke Union of West Germany to supply four additional 1,200 Megawatt (1,200,000,000 watts) pressurized water fission power plants for central Iran. The Iranian Atomic Energy Organization announced that the first unit is scheduled to begin operation in 1984, followed by the other three at one year intervals. Although no official cost figures have been released, sources estimate the pact to be in excess of \$5 billion, making it the largest single nuclear reactor

deal in history. (Although the West German-Brazil deal, finalized last year, involves a larger total, it was signed in several separate parts.)

**Iran and France:* Following the Nov. 17 visit to Paris by an Iranian delegation headed by the Shah, Iran completed an already-announced agreement to purchase two twin-900 Megawatt nuclear power plants from the French Framatome corporation as part of an overall Franco-Iranian trade accord of 30 billion francs. The largest single trade accord in France's history, the French deal is part of Iran's plan to develop 23 nuclear reactors by 1994, and was signed just shortly after the Shah's trip to Washington, D.C. where he offered the U.S., as part of the package, possible sale of 8 U.S.-built reactors in an overlap deal reported to reach between \$20 and 35 billion. Talks with the U.S. broke down over the Carter Administration's insistence on various safeguard policies encroaching on Iranian sovereignty.

**Egypt-France:* On Nov. 10 the Egyptian and French governments assigned experts to begin preparing technical and field studies of locations for building nuclear power stations on the Mediterranean and Red Sea coasts as part of Egyptian development plans for building 15 nuclear reactors by the end of this century.

**Kuwait-West Germany:* The Kuwaiti government announced Nov. 15 that an agreement to purchase a dual-purpose nuclear reactor for electric power and desalination is imminent. It is to be a 1,300 MWe unit and the supplier is reported to be Kraftwerke Union of West Germany.

**Japan-Soviet Union:* A private agreement between the Japanese Atomic Industrial Forum and the Soviet Atomic Energy Committee was signed Nov. 17. The agreement calls for cooperation in Atomic Energy Development, including nuclear power reactors and thermonuclear fusion research and development. Initially, the five-year agreement will provide for exchange of experts on fast-breeder reactors and fusion.

**Sweden-Soviet Union:* An official delegation from the Soviet Union is presently in Sweden on a 10-day visit, where a part of the discussion centers on possible joint Swedish-Soviet exploitation of the vast, and as yet untapped, Swedish uranium fields at Ranstad. Ten years ago Sweden and the Soviet Union signed a general agreement on nuclear fuel development which was never implemented during the Social Democratic regime of former Prime Minister Olof Palme.

**Mexico:* On Nov. 11, the Mexican National Nuclear Energy Institute (INEN) announced that the country will acquire a Tokamak nuclear fusion test facility as part of a vastly expanded program of fission and fusion experimentation. Mexico has developed a plan for substantial development of nuclear power generation by the 1990s. The first commercial reactors at Laguna Verde, are scheduled to come on line in 1982. The INEN program, now being considered by the government, calls for 20 nuclear reactors by the end of the 1990s.

French Press Hails Sadat Trip As Prelude To Mideast Development

Under the front-page banner headline, "Peace will permit a powerful economic takeoff in the Middle East, but not for tomorrow," the French financial daily Les Echos of Nov. 22 urged a cautious appraisal of Egyptian President Sadat's historic trip to Jerusalem. At the same time, however, the article, which is excerpted here, emphasized the tremendous potential for the economic development of the whole region under the terms of a successful peace settlement.

... The Egyptian President unlocked (the door to peace) by de facto acknowledging the existence of Israel, but Menachem Begin did not open the door: he will not go to Cairo.

However, hopes are still high. The negotiations between the two chiefs of state will continue. Peace in the Middle East would have a powerful economic impact. Peace would allow the resumption of aborted economic projects and the development of areas that have been sacrificed for thirty years. The southwestern part of Syria, for instance, has never been brought back to life because of the state of belligerency. The West Bank has had to stop its agricultural exports. The Arab countries that hold dollars would not hesitate to finance projects such as the creation of tax-free zones in Egypt... The Israelis, on the other hand, would not fail to provide their advanced technologies.

But all of this is utopian as long as peace has not been definitely reestablished. Everybody is speaking of peace but even the more optimistic ones acknowledge that, unfortunately, it is not for tomorrow.

The same issue of Les Echos carried an article bylined Tristan Doelnitz, which is based on an interview with Gen. Georges Buis, one of the world's foremost geopolitical experts. The headline was: "With peace, the

Middle East could again take the path toward economic unity, in General Buis's estimation." Excerpts appear below:

The main consequences of a possible peace in the Middle East are to be found on several levels:

1) The Arab states, once "liberated" from the Palestine question, will seek every means to reduce the divisions they inherited from the colonial period;

2) The development effort, thwarted by war, will be resumed, including Egypt and Syria;

3) The reduction in arms sales to the region will be more than compensated by more sales in other parts of the world;

4) The United States is bound to undergo the growing influence of petrodollar inflows.

... Independently from the regimes in power, the Arab states will endeavor to reach the unity that they have been dreaming of ever since the dismemberment of the Ottoman empire in 1920...

The Baa'th party — the party in office in Iraq — stressed the fact that the Arab problem is not sentimental but economic...

... Peace is, however, an economic must for Egypt. General Buis referred me to the case of the Answan Dam, which was a failure because of the lack of necessary investments for the completion of a power plant and the development of irrigation...

Syria ran into the same setbacks with the huge dam of Tapka, on the Euphrates, as Egypt did with the Answan Dam. With peace, the Syrians will recapture their traditional trade outlets on the Mediterranean through Tripoli and Beirut...

Capital inflows are likely to increase in Egypt... but through the mediation of Kuwait and Saudi Arabia... On the other hand, petrodollar inflows into the U.S., which now amount to \$20 billion a year, should reach the \$70 billion mark in 1982. Under those conditions, Arab investors in the U.S. are bound to exert a considerable weight against the Zionist lobby in Washington.

The Truth Of The Begin-Sadat Meeting

The following statement was released on Nov. 22, 1977 by Lyndon H. LaRouche, chairman of the U.S. Labor Party.

The way in which an American patriot should view the summit meeting of Israel's Menachem Begin and Egypt's Anwar Sadat is that, happily, once again U.S.A. intelligence services have defeated British intelligence services in a battle in the Middle East. The objections to this summit by Henry Kissinger and various Republican dupes of Kissinger should be viewed in exactly these terms of reference.

This is not to imply that Israel's Prime Minister Begin is a puppet of the U.S.A. Central Intelligence Agency. Rather, proceeding from an understanding of genuine, long-term U.S. interests, key parts of the U.S. Executive

Branch chose to support Begin's effort — with certain important conditions attached, conditions which are broadly in the genuine interest of the Middle East Arab populations. In this respect, the Carter Administration is to be credited with rejecting Kissinger's bankrupt imperialist doctrines in favor of a Republican approach to foreign policy.

As my friends in the Iraqi Ba'ath national leadership will recognize from our discussions of April, 1975, the Begin-Sadat summit is a vindication of the strategic perception which I and my associates have pursued openly as well as behind the scenes since that date. Although the Labor Committees can not take credit for the recent developments, our efforts have contributed to shaping perceptions in various relevant quarters toward this result, and because of this result, and because of

these efforts, we have been privy to enough of the proceedings overall to know the most essential features of the process.

The Intelligence Side

The most efficient point of reference for understanding the Middle East, as well as many other continuing problems of the post-war world, is knowledge of the points of conflict between the U.S.A. and British intelligence services during the World War II period. This is complicated by the fact that some elements of British intelligence tend to be pro-U.S.A. on vital points of policy, whereas a large part of U.S. intelligence and related establishments, including Henry Kissinger, are predominantly pro-British in policy-perceptions and alignments.

The case of international terrorism in western Europe is exemplary. Leaving the complicated case of post-Occupation and still semi-occupied West Germany to one side for the moment, the areas of western continental Europe from which terrorists are deployed against Germany today are those areas from which British intelligence predominantly excluded U.S. intelligence during World War II, for example, the French area adjoining the Swiss and Italian borders, and the Low Countries.

Although the USA made heavy inroads into Islamic areas, these areas were predominantly under control of British intelligence, with a limited French influence, throughout the Middle East, and into the Maghreb nations. British intelligence is the principal source of nasty problems to this present date — including Libya and Algeria, and the elements of the Institute for Policy Studies involved in Middle East terrorism, which are in close collaboration with British intelligence networks.

That conflict between U.S. and British intelligence is most relevant to the ironies of the summit meeting between Begin and Sadat. Menachem Begin has important friends in Britain, but historically he is devoutly anti-British. Although Sadat was nominally a Rommel spy during World War II, this was in fact a cover for Sadat's role as an American ally against British intelligence operations. It is Begin and Sadat's common enmity against British intelligence from the late 1930s and early 1940s which provided, not accidentally, an important contributing basis for personal accord during their recent meetings.

However, Begin was not a U.S. protégé during recent years — quite the opposite. The dominant forces of the Manhattan establishment side of U.S. intelligence were, predominantly, closely allied with British intelligence. Under this arrangement, the Socialist International, which has been predominantly under the control of British Intelligence, became the chief U.S. protégé in Israel itself. Hence, the Israeli Socialist Party, the Mapai, became the chief safehouse for Anglo-American controlled agents in Israel politics.

The Anglo-American side of U.S. intelligence networks has followed its own version of the British intelligence doctrine for the Middle East: a doctrine of keeping Israel and Arabs at each others' throats as a device for ensuring London-Manhattan control of Middle East petroleum. This agreement London and Manhattan was

complicated by competition — sometimes brutal — between the two cities. Nonetheless, the competition was pursued within the framework of a common overall Israeli-Arab conflict policy.

This is the key to Henry Kissinger's step-by-step policy. London has been consistently against any durable solution to Israeli-Arab conflicts. London's policy, shared by Kissinger, is to limit negotiations to *partial* solutions, partial agreements which keep open the possibility of London's — or, Kissinger's — launching a new Israeli-Arab war whenever the politics of oil might prescribe this.

Begin, a long-standing Israeli nationalist, has sought to get Israel out of this British trap. Given Israel's weakness, Begin has been obliged to follow the sort of Machiavellian policy previously employed by the American Revolution and the young United States. He is obliged, on the one side, to maneuver externally in respect to the relations among the great powers as well as internal complications of Arab politics. Begin, by placing his small margin of power in the balance among other forces, has attempted to use that method as a way of giving Israeli national interests the kind of leverage which could substitute for Israel's weakness as a power in its own right.

Relative to the OECD nations, Begin has exploited two features of U.S.-Soviet relations. First, despite the discredited doctrine of "non-linkage" employed during the early weeks of the Carter Administration, events have instructed the Carter Administration to the effect that the mere assertion of a non-linkage does not eliminate a linkage in fact. There can be no successful SALT agreement between the USA and the Soviet Union without neutralizing the potentiality of a general war triggered by a new Middle East war. Second, any sharp increase in oil prices or reductions in supply from the Middle East would be a disaster for western Europe and Japan, as well as a hideous blow to the oil-importing developing nations. Consequently, the USA cannot maintain and develop alliances with western Europe and Japan except by working for a durable solution to the Middle East problem. Obviously, the success of Begin's efforts to gain a durable solution for Israel coincides precisely with any intelligent perception of vital U.S. interests.

Consequently, once the State Department and Brzezinski moved on the basis of that reality, it was the clear duty of U.S. diplomatic and intelligence services to act to the effect of neutralizing and defeating British intelligence — and Henry Kissinger — in defense of the success of Begin's efforts.

Begin's Two Problems

Prime Minister Begin's two principal problems within the Middle East itself are these. Without the establishment of a Palestinian Arab nation, no durable solution to Israel's Middle East problems is available. Begin is aware of this, but can move in such a direction only if the initiative to this end is properly given from the Arab side, and if the arrangement is endorsed with guarantees of Israeli security by relevant Arab nations and the great and middle powers. This prescribes difficult, often byzantine maneuvering in respect to both internal and

external politicking. Secondly, Israel is suffering most acutely the economic problems derived from military debt and the present world depression. Israel needs hard-commodity export credit without which there is no solution to Israel's internal problem.

There are three fronts on which Israel must absolutely win a policy of regional economic growth. These are Lebanon, the Palestinian Arab area, and Egypt, with Jordanian participation in the same policy. Without technologically vectored economic growth in the Palestinian Arab areas, a Palestinian Arab state merely becomes a new political ulcer threatening to freshly destabilize the whole region. Lebanon must be economically stabilized, otherwise, Kissinger's civil war in Lebanon must rage on with an acquired life of its own. Egypt and Sudan together represent half of the World's Arab population. With Iran, Kuwait, Saudi Arabia, Egypt and Sudan engaged in a general explosion of technologically vectored economic growth, and with Israel's variously direct and indirect participation in mediating Arab economic development, the economic preconditions for Middle East peace are established — and not otherwise.

The key to such an Israeli perspective is made clear by identifying the three points in the entire region from which nuclear technology can radiate. France, West Germany, and Japan, with Soviet cooperation, are now situated to massively export full-fuel cycle nuclear technology into the developing sector. What are required are points within the Middle East, Africa and Asia through which to mediate those nuclear exports in a general way to all the nations of the developing sector regions involved.

The primary mediating agency is the nation of India. India, which has the third largest scientific and engineering population of all the nations of the world, also has an important nuclear engineering and related research capacity, but a grievous shortage of capital. India is the primary nation for mediating nuclear technology throughout the subcontinent and the east coast of Africa. The second national economy capable of performing such a role is the Republic of South Africa. The third nation with such appropriate capabilities is Israel.

The significance of Israeli technology for Egypt is exemplary. Cooperation among Egypt, Sudan and Ethiopia as the ecological basis for a massive hydraulic engineering effort for the reversal of the process of desertification in northern Africa requires a two-fold approach. In the intermediate term, the establishment of plant moisture respiration over large areas will create new weather systems increasing significantly the natural rainfall in northern Africa. To reach that condition, we must first produce massive inputs of new water, through desalination, as well as improved uses of existing water supplies. Desalination of water will be a major consumer of produced energy, for which nuclear and later fusion power is the only suitable source in general. Also, the old bed of the Nile, leading into the Quattara Depression, represents a massive desalination process and a major engineering challenge for this reason. The opening of that old bed of the Nile is the key to qualitatively expanding arable land in Egypt, and also

key to providing the ecological basis for generating new weather systems later on.

Although Israel does not have presently the capability for exporting nuclear energy production on a significant scale, it is qualified to participate in a most useful way in realizing applications of nuclear technology, including the application of nuclear technology to ecological development programs.

This same technology is urgent for the Middle East itself, for restoring the Fertile Crescent. French and German nuclear-energy production inputs, Italian engineering inputs such as those Italtat is conducting in Iran and has projected for North Africa, typify the OECD inputs into the area. These OECD inputs must be aided by the role of mediators, such as Israel, India, and the Republic of South Africa for the nations of that part of the developing sector generally.

Given an Israel export role defined by such high-technology economic cooperation, the internal Israeli problems are eminently soluble and a durable basis for mutual security through economic cooperation is established in the region generally.

The British Saboteurs

Although there are important forces in the United Kingdom whose views converge upon our own, for the moment the dominant forces in British government, intelligence, and finance are working the side opposite to USA basic interests. In the collection of British agents-in-fact we must include Henry Kissinger as well as Felix Rohatyn.

The minutes of the Federal Reserve Board's Open Market Committee tell part of the story. With complicity of Blumenthal at Treasury, the U.S. dollar is operating in a hyperinflationary spiral, with the aid of faked statistics on M-1 and M-2 categories of liquidity. The dollar is being wrecked in value by the Humphrey-Mondale wing of the Democratic Party, with complicity from the Kissinger-duped nebbishes of the Republican National Committee. This wrecking of the dollar is being accomplished by forces allied to London to the advantage of London at USA expense.

The Fabian (British-linked) wing of the Democratic Party (Humphrey, Mondale et al.) is pushing the Schlesinger "energy doctrine." This involves a growth of USA petroleum imports caused by massive stockpiling of petroleum in anticipation of the Middle East war which London's and Kissinger's policies are working to bring into being. It involves sabotage of the U.S. dollar through an antinuclear policy which blocks the only major category of exports through which to restore USA trade balances and to restore employment in such basic industry as steel — again in favor of London at U.S. expense.

It must be understood that London wishes a new Middle East war. London views a war as cutting off Middle East petroleum and forcing a massive rise in OPEC oil prices, thus breaking the back of western Europe and Japan, and forcing those nations to submit to a neo-Schachtian (i.e., fascist) global economic and social policy. By wrecking the world economy in this way, and establishing the power of the City of London at the expense of a bankrupted U.S. dollar, the gangs

around Lazard Brothers in London aspire to establish its system of fascist world rule.

If the Geneva summit is successful, in the sense anticipated by the meeting between Begin and Sadat, the City of London and Tory traitors such as Henry Kissinger are finished. The Carter Administration would in due course abandon the foolish Schlesinger "energy policy"

— as France, Germany, and Japan push ahead with massive nuclear exports — and the wheels would get into motion for general world economic recovery. For such reasons, Begin's success, provided this means also a viable Palestinian Arab state, is a keystone of real U.S. strategic interests. And Begin must be supported to that specific effect by all the means at our disposal.

First Reactions To Sadat-Begin Meet

From European Leaders . . .

France

Raymond Barre, Prime Minister, speaking on television Nov. 20, in response to a question concerning France's refusal to back a joint EEC statement to have been issued Nov. 19 in support of President Sadat:

"We have always affirmed that Israel has the right to safe and recognized borders, and that some of the Arab countries' demands should also be recognized, France, contrary to what some claim, does not have a partisan policy... In the present state of affairs, in response to this personal initiative by the Egyptian president, such a declaration could have been premature before the situation could be appreciated in all its complexity. This declaration was requested (by the U.S. State Department—ed.) on Friday at 14 o'clock, for Saturday at 10 o'clock. France estimated that it should not associate itself with this initiative. It is true that President Sadat made a step toward the recognition of Israel, and we rejoice over this... No matter how important the event, there can be no durable settlement if the fundamental problems are not dealt with."

West Germany

Chancellor Helmut Schmidt, in an interview in the Nov. 22 daily *Westphälische Rundschau*:

"That is an astounding development, which can only be welcomed with all of our best wishes, for the Egyptian people as well as for the Israeli people. One can only be amazed at the boldness of President Sadat when one recognizes the severe criticism against the trip that will arise from several Arab countries. I know Mr. Sadat well and I am convinced that this man wants nothing more than peace in the Middle East and to stabilize this peace. Surely this also holds for the Israelis. On the other hand, everyone of us knows that peace in the Middle East depends not merely on Egypt and Israel..."

Hans-Dietrich Genscher, Foreign Minister, speaking in Tunis, Tunisia in a Nov. 19 West German radio news broadcast:

"Sadat's trip ushers in an important development, and the Federal Republic of Germany welcomes it.

On Nov. 22, before attending the European Economic Community Foreign Ministers meeting, Foreign Minister Genscher said:

"I will urge a formal European Economic Community welcome for the Sadat-Begin visit... France's reservations should not prevent the European Economic Community from once again expressing its fundamental interest in a Middle East peace, to which Begin and Sadat have made a very important initiative..."

Great Britain

David Owen, Foreign Secretary, on Nov. 18 termed the Sadat visit to Israel "a bold and imaginative gesture," and said he hoped it would pave the way for a resumption of the Geneva peace conference.

. . . And From Europe's Press

France

Le Figaro, "The Spirit of November 20," by Paul-Marie de la Gorce:

The formidable mobilization of world public opinion, the real moral shock which was produced in Israel, make it almost impossible for things to remain as they are. This is what the Egyptian President is counting on. In fact, he has presented a peace plan which will have the support of the great majority of states. And to use the usual formula, the ball which was thrown into the Israeli court remains there. Only with great difficulty will Mr. Begin be able to refuse to engage negotiations, even if among his future interlocutors are the Palestinians, whom he doesn't like; only with difficulty can he not respond more precisely to the Egyptian border proposals.

Le Figaro, "Portrait of Begin," Nov. 21:

"The British regime has shamelessly tricked the Israeli people," states the call launched by the Irgun, "and there is no longer any moral basis to justify its presence in Eretz Israel... We will fight." Placed in the reality of the period, this text, signed by Menachem Begin, seemed just as crazy as the June 18, 1940 call signed by a temporary Brigadier General named Charles de Gaulle.

Le Figaro, "Passion and Reason," editorial by Paul-Marie de La Gorce, Nov. 19-20:

... It remains to be seen whether a process has not been set in motion the effects of which Begin could fear in the end.

The Israeli population, which will be greeting Anwar Sadat with Egyptian flags in hand, are evidently demonstrating their will for peace. It will not be possible to tell them later that the same man they are cheering is an enemy whom it is necessary to fight by all means. Some profound changes could result from this meeting in the public spirit of Israel. A large proportion of the country consists of former residents of Arab countries: some of them are the most violent in their hostility toward the traditional adversaries of Israel. But others hold a secret attachment to the countries where they were born; they could henceforth express it.

Likewise, the partisans of an entente with the Arab camp, of an accord with the Palestinians and the restitution of the occupied territories, have long been part of a negligible minority and have sometimes had difficulty in speaking out: no doubt they will now speak with much more assurance and will, in Israeli opinion, find much more of an echo.

France Soir, "No Sadat Did Not Return Empty-Handed — Peace Is In Gear," by Benoit Rayski, Nov. 22:

...Both leaders spoke together of their position, without concessions, and thus launched the process of peace ... Neither of them expected on the spot concessions from the other because it is not a bilateral accord they were after, but Geneva where "everything is open for discussion" (Begin).

West Germany

Bavarian Broadcasting Network, Nov. 21:

In a one-hour Mideast special report broadcast on Bavarian and national television, the network interviewed Palestinians on the West Bank who said:

The Jews are not our enemies. Finally the right men have to sit down and negotiate peace. We're fed up with war.

The TV commentator ended the report by saying:

I don't know what the official necessary qualifications are for the Nobel Peace Prize, but I know whom I would award it to.

Die Welt, "A Beginning," front-page lead editorial by publisher Axel Springer, Nov. 21:

If we recognize the historic power of this meeting we will see its poignancy for the future ... But we do not know how this future will turn out, what forces will step in behind the doors which have just been opened... When history is made, it is made by extraordinary men... Begin and Sadat have, in the power of their hearts and understanding, accomplished something without precedent in recent history.

Sadat indeed broke from the Soviets, but the trip to Israel was much more courageous, and more dangerous for him. The Soviet Union did block the transmission of the Knesset speeches... The populations and govern-

ments of the world have much to learn. Their policy was previously oriented to the hostility between Israelis and Arabs ... fear of terror dictated political decisions and worries about oil made them into collaborators of injustice ... But the fears of the West were not Begin's and Sadat's. These two men were more courageous than a dozen European cabinets and even wiser than the man in the White House ... But other attempts will follow, attempts whose goal will be destruction, war ... America and Free Europe must be vigilant ...

Frankfurter Allgemeine Zeitung, Nov. 22:

If Palestinians, Syrians and Moscow would pull together, peace could be negotiated in the first week of January...

Italy

L'Unita, daily of the Italian Communist Party, Nov. 21:

The meeting is without precedent for humanity ... Someone has said that no real issues were discussed, but these people don't understand that even the formal meeting itself is an exceptional occurrence. Both Sadat and Begin stressed not only the necessity for peace, but also for cooperation to ensure the tranquility of the region... Behind the meeting there may be an economic cooperation plan.

Corriere della Sera, Nov. 21:

The positive, encouraging fact is that between the two sides there are efforts to create the psychological climate adapted to fostering the movement toward and enlargement of the dialogue.

Il Tempo, Nov. 21:

If the objective of Sadat and Begin was to pull down the psychological wall that divides Arabs and Israelis, and to make possible direct negotiations ... one can say they have succeeded ... the statements of the two leaders has confirmed that good will exists to begin negotiations for a solution to extremely complex problems.

Sadat has recognized, without half measures and hesitations, the existence of the State of Israel and its right to exist behind secure borders, internationally recognized and respected by neighboring countries, which would put an end to a state of belligerency ... Begin has replied that everything is negotiable ...

Britain

Financial Times, "Sadat and Begin Speeches Disappoint," Nov. 21:

(After downplaying the significance of the meeting, the *Financial Times* questions whether Sadat can muster the support of the Arab world behind him.)

The two speeches in the Knesset would not have been remarkable had they not been the centrepiece of an occasion broadcast live throughout the world, since neither leader said anything which departed in any radical way from their publicly known positions ... So far, of his (Begin's—ed.) private conversations with

President Sadat, nothing has emerged. Nothing indeed may emerge until it becomes clearer whether President Sadat can restore relations with Syria and Saudi Arabia, or whether Israel is facing a new era in which the Arab world is profoundly and perhaps permanently divided ...

Daily Telegraph, Nov. 22:

By sticking to the basic Arab demands, Sadat has refuted the accusation of treachery made against him by much, but by no means all of the rest of the Arab world. Yet when the Egyptian people and others in the Arab world begin to reflect, they will notice more than perhaps at present the paucity of the Israeli response—notwithstanding the general jollity of the occasion. Mr. Begin really had nothing to put into the scales, not even, for the present at least, a return visit to Cairo. He specifically rejected international guarantees, and was completely unforthcoming on withdrawal and the Palestinians. Both leaders looked forward to Geneva—but how can the other Arab states now attend? Perhaps there is more than we know about. Let us hope so.

Soviets Hedge Bets On Mideast Developments

While the Soviet Union has not endorsed the Sadat-Begin talks as a move toward general peace, and indeed the Soviet party daily *Pravda* headlined its Nov. 21 issue, "The Arab World Protests," some signs of moderation in the Soviets' reaction have appeared. Significantly, the major Soviet press have carried no commentary of their own on the summit, but rather have limited their coverage to reprinting criticism of the Sadat-Begin meeting from the major Arab press.

This manner of coverage could indicate that the Soviets are leaving open an option to support the Sadat-Begin diplomacy if it continues to lead toward a Geneva peace conference. East European press coverage has likewise reflected this flexibility in their reports on the meeting.

Stimme der DDR, official East German radio, gave coverage on Nov. 20 to the Israeli Communist Party's call for a special Knesset session to work toward a "comprehensive peace."

The Romanians have covered the Sadat trip very positively, while reports abound that Romania played a major role in the events leading up to it. On Nov. 19, Prime Minister Begin telephoned Romanian President Ceaucescu to thank him for his assistance in arranging the visit.

The Hungarian press has given only "neutral" coverage, more close-lipped than some Soviet reports.

Informed sources report that Soviet circles close to Anglo-American intelligence networks, such as Georgii Arbatov of USA Institute, are peddling the same line as Henry Kissinger, namely that Geneva is out of the question in the near future.

Are Soviets Softening on Israel?

The most outstanding, although still indirect, reflection of Soviet thinking on the Sadat-Begin meeting was reported in the Nov. 19-20 issue of the conservative French daily, *Le Figaro*, excerpts of which follow:

Since the rupture of relations, in 1967, things hardly seem to have evolved. Moscow has made itself the champion of the Arab cause and feigns to believe that the leaders in Tel Aviv are marionettes manipulated by Washington.

On paper, things are clear and plain. The situation is viewed by Moscow only in large black and white terms, with no intervening shades of gray. Nevertheless, things are not as simple or abrupt in reality. Here and there, the Soviet Union seems to give evidence of unexpected leanings toward Israel. The bridges are certainly burned, but other ways have been found to maintain some bits of dialogue at long intervals.

The Soviet-Israeli thaw, accompanied by the reestablishment or not of diplomatic relations, is a rumor that runs periodically around Moscow. Always denied up until now by the facts, it is, however, not without foundation: evidence of mutual interest emerges from time to time noisily shattering the silence of the chancellories.

Despite the shower of nasty editorials by *Pravda* or *Tass*, the Soviet Union appears to have softened its attitude toward Israel these last months. Certain proof has been noticed at international meetings.

Last September, the U.N. Commission for Europe sponsored a chemistry colloquium in Moscow. Israel let it be known that it would like to send observers (as a trial balloon?). At first, the visa demands of the Israeli officials were rejected, but the Soviet Union eventually changed its decision; the visas were granted.

Also in September the international book fair took place in Moscow. The incident was hardly noticed, but Israel had a stand there and there were not only communist publications. Naturally, all the Israeli books were the object of a more detailed censorship examination than those from other countries. But, they were there.

Last spring, after the election victory of the Likud, the anti-Israel press campaign experienced a strange relaxation. For the first two months of his government, Menachem Begin was not the object of any criticism. That, of course, did not last, but it is proof of the surprising good-will that Moscow is ready to demonstrate when Israel is concerned.

Contacts Maintained

In addition to these breaks in the routine hostility, there is constant proof that the USSR thinks that a thaw is possible at any moment. There hasn't been a diplomatic delegation in Moscow for ten years. But the buildings in (the Israeli) embassy have not been touched. Practically, if it were agreed upon, an Israeli ambassador could be installed in Moscow at any time.

Official contacts are not lacking either. Soviet emissaries have travelled discreetly to Israel on several occasions. The Soviet journalist Victor Louis often acts as an intermediary and expresses his opinion in the Italian press with an authority recognized as that of the Kremlin.

In official Soviet circles, there is a current that believes the reestablishment of diplomatic relations is presently conditioned by the convening of the Geneva conference. Nevertheless, there are voices that say this would be an excellent precondition, susceptible of facilitating the convocation of the conference.

At the time of the birth of the Hebrew state, the Soviet Union, the first country to recognize the young nation,

looked with sympathy on this young nation with its socialist orientation, which was created against the English. This inclination was all the more strong in that Israel was at that time surrounded by conservative Arab regimes. Today the situation is reversed: Moscow sees Israel as an American platform and declares itself to be the ideological parent of the Arabs. But traces of affection in a disappointed love still remain....

Will Israel Make Breakthrough On Palestinian Arab Question?

The consensus view of informed observers in Jerusalem and in the U.S. is that Israel is readying itself for acceptance of the creation of an independent Palestinian Arab state on the now-occupied West Bank and Gaza Strip territories.

While this possibility seems to have been rejected by Prime Minister Menachem Begin in his Nov. 24 press conference reiterating Israel's refusal to consider talks at Geneva or elsewhere with known members of the Palestine Liberation Organization, the reality is much more complex, involving a delicate interplay of proposals, concessions, and hard bargaining lines from the three primary parties to the negotiating process — Israel, Egypt, and the Palestinian Arabs.

Within Israel, the mood of the population and of much of the Israeli cabinet favors rapid concessions in favor of achieving a viable solution to the Palestinian Arab problem. According to a former correspondent for the leading Israeli daily *Ha'aretz*, "the drift in Israel has shifted after the Sadat visit — from the feeling of anger and intransigence which helped usher Begin into power

in the first place to a more 'leftist' direction in favor of compromise and an overall peace. This drift will undoubtedly affect the cabinet's policy-making decisions."

A government voice in favor of West Bank concessions has been that of Deputy Prime Minister Yigal Yadin, whose entrance into the cabinet last month clearly strengthened Begin's coalition, giving the government the basis for heading off the extreme nationalist right in the event that bold foreign policy moves had to be made.

In a Nov. 22 interview with Radio Jerusalem, Yadin insisted that Israel "shouldn't underestimate the visit" of Sadat. "It was a great visit; we have always talked of direct negotiations, but no one thought it would happen in such a bold, dramatic way, to bring peace with Egypt to be consummated at the Geneva conference." The Israeli public, Yadin continued, "is not satisfied with the usual events in the Mideast."

The next day, Yadin speculated on a possible Israeli West Bank proposal which was, however, not much more than a reiteration of the so-called Allon Plan: the return, for the most part, of the West Bank to Jordan, but with

Israeli Writer Calls Upon Begin To Compromise On Palestinian Issue

Israeli Prime Minister Menachem Begin is coming under increasing pressure within Israel to make serious concessions on the question of Palestinian self-determination. Here, Jerusalem Post columnist Meir Merhav calls upon Begin to make such concessions in his Post column Nov. 22; Merhav recently authored a New York Times editorial page feature calling upon Israel to consider negotiations with the Palestine Liberation Organization.

President Sadat has demonstrated his will to make a bold break with the past and take a leap into the future. He has invited Israel to join him in the making of history, here and now, although this may, as he took pains to warn repeatedly, call for hard and difficult decisions.

Mr. Begin unfortunately did not rise to the occasion All he had to offer for Sadat's offer of peace was — peace

There is still some hope. Mr. Begin repeated that everything, including the permanent boundaries between Israel and her neighbors, is open to negotiation. And, in language as guarded as possible, he warned our guest against excluding any subject from negotiations

If this is an indication that Mr. Begin may come to recognize that there can be no peace in our area without a solution to the Palestinian problem — a problem that cannot be imposed on them by either Sadat, Assad, Hussein, or Begin, but must be acceptable to *them*; if it means that the way has been opened to territorial compromise; if it means that what has been said in public together with what may have been said in private is enough to induce the other Arab leaders to negotiate in the manner now opened up by President Assad — there is still hope.

Israeli security deployments in the area. This in itself is by no means an adequate solution to the Palestinian question, and has been rejected frequently by Palestinian and other Arab spokesmen. The real substance of Israeli policy considerations, then, is taking place on a more circumspect level.

"Reassessment" in Israel

According to the Paris correspondent for the Hearst newspaper chain's *Seattle Post-Intelligencer*, "a reassessment has begun in Tel Aviv about whether a Palestinian state might be less of a political and military danger to Israel than has been assumed until now." A growing consideration in Tel Aviv, the Seattle paper reports, is that a Palestinian "buffer-state" concept is increasingly being seen as preferable to Palestinian Arab incorporation into the state of Jordan, which could only strengthen Jordan's fighting capability in a new war. In that event, "Israel would face not a Palestinian mini-state but a much larger, more dangerous entity, with the counter-balancing, moderate Hussein (the Jordanian monarch — ed.) eliminated." Therefore, "the atmosphere created by Sadat's spectacular move might well induce Begin to listen attentively."

"Far-Reaching Scenario for Peace"

According to the *Soho Weekly News*, a local New York newspaper owned by an American financial supporter of Begin's Likud Party, "Anwar Sadat did not leave (Jerusalem) empty-handed. He merely postponed delivery until the package had been properly wrapped." Basing their information on sources "at the highest level of the Begin government in Jerusalem and Tel Aviv and by U.S. State Department contacts," the newspaper claims that "for the first time, the Israelis have privately modified their unrelenting public opposition to the creation of an autonomous Palestinian state. Begin has indicated to Sadat that he is prepared to negotiate a long-range, step-by-step creation of such a state," the report continues, "with each step linked to guarantees of national security."

Soho Weekly expects a face-to-face Israel-PLO meeting to take place "within a month" and reports that "Sadat refrained from mentioning the PLO" in his Knesset speech "in return for a tacit guarantee from Begin that the Israeli would soften his opposition in principle to a Palestinian state."

"Ready to Cut Our Own Flesh"

The Israel correspondent for France's *Le Nouvel Observateur* magazine, Victor Cygielman, similarly

assesses Begin's readiness for a series of major concessions, including a transcendence of his prior insistence on identifying the West Bank as territories requiring permanent Jewish sovereignty. In return for real peace, Begin will, according to Cygielman, tell Sadat and other Arab leaders, "I am ready to cut our own flesh. I will not return 'Arab' territories to you: I will give up a part of my own country. I will make a sacrifice on the altar of Israeli-Arab reconciliation."

Cygielman insists that Begin wants to ensure for himself a great place "in the history of the Jewish people," and believes this can be done only through making peace, for which "he is ready to go far and give much." Already, Cygielman notes ironically, it is the ultra-nationalist Begin who has accepted concessions, such as acceptance of a Palestinian Arab presence at Geneva, that the former Israeli Labour Party governments refused to accept.

Palestinian Concessions Required First?

Before any substantial Begin concessions are made, the Palestinian Liberation Organization may first have to publicly agree to co-existence with Israel along the lines that Sadat laid out in the Knesset, according to Edward B. Glick, a leading expert on Israeli military-political affairs at Temple University. Now that Israel has recognized the right of Palestinian Arabs to be in Geneva, "the ball is in the PLO's court. It simply can no longer say, 'Israel has no right to live, not even in Tel Aviv.'"

Within Israel, Glick continued, "if Begin is willing and ready," he can "bring the population around to accept a deal with Palestinian representatives who acknowledge publicly that Israel's here to stay." The entrance of Yadin's Democratic Movement for Change group into the government recently, Glick emphasized, has "given Begin the ability to politically pull the maneuver off, since if the hardliners can't stomach a deal with the Palestinians, Begin will still have a majority to do what he wants."

In the context of an overall settlement, Glick concluded, Begin will willingly differentiate between "Jewish right to settle in the West Bank" and "actual Jewish sovereignty over the area."

A similar view was expressed by former Israeli Foreign Minister Abba Eban. According to the *Seattle Post-Intelligencer*, Eban declared last week that Israel's "attitude on the subject of territorial concessions will be determined by the Arab nations' attitude on the subject of peace. The more a frontier is open, the less the lines on the map matter."

Schlesinger Offers No-Growth Energy 'Compromise' At Home

'No' To Nuclear Cooperation, Exports Abroad

At his first official press conference as Secretary of Energy Nov. 21, James Schlesinger announced that the Carter Administration was willing to "compromise" on his national energy bill, differing versions of which are now under consideration by a House-Senate conference committee of the Congress. What Schlesinger did not make public was the scenario for compromise indicated by the office of one influential Senator, which revealed to the Executive Intelligence Report that the current ten-day recess of the conference committee had been arranged under heavy pressure from Schlesinger's office. During the recess a "rump committee" of key legislators is supposed to put together a package under the Secretary's direct guidance which would insure that the United States becomes a second-class power subject to the rule of British financiers in the months immediately ahead.

ENERGY

At his press conference Schlesinger outlined a series of "trade-offs" which the Eastern press and Congressional liberals promptly billed as an effort to "conciliate" conservative Republican and Democratic opposition to the program he authored last spring, which opposition substantially rewrote the Senate version of the bill. Thus it was reported that the Secretary would accept higher prices on natural gas, more tax credits for businesses converting to coal, and greater revenues for the oil industry as mandated by the Senate; in return for a wellhead tax on domestic oil, extension of federal gas price controls to the intrastate market, and a tax on the use of oil and natural gas by business, all passed by the House.

Although this represents some "watering down" of Schlesinger's previous position, the outlined "high taxes-high prices" energy compromise is fully coherent with Schlesinger's basic goal: massive cuts in U.S. energy consumption based on manufactured shortages in fossil fuel energy supplies, and outright sabotage of nuclear energy development.

Schlesinger made no bones about his antinuclear policy at his press conference. First he justified the Administration's refusal to accept the Shah of Iran's offer to invest \$20-25 billion in nuclear technology-related U.S. exports — an offer which would go a long way toward wiping out the U.S. trade deficit — on the grounds

that Sen. Charles Percy's nuclear nonproliferation bill is still languishing in the senate. As the *Journal of Commerce* pointed out, passage of this legislation would likely constitute a major obstacle preventing large-scale U.S. nuclear exports since it would mandate unilateral U.S. control over the nuclear fuel cycle, a condition neither the Shah nor most other developing nations would agree to.

Second, Schlesinger publicly rejected — "My answer is a flat no" — new offers by Dr. Nikolai Basov, director of the USSR laser research program, for joint U.S.-Soviet scientific collaboration to develop controlled thermonuclear fusion. Basov had made the offers last week at the International Scientific Forum on an Acceptable Nuclear Energy Future of the World held in Florida Nov. 7-11 and attended by top nuclear scientists including Dr. Edward Teller and Dr. Hans Bethe. Schlesinger also announced his refusal to declassify certain materials relating to laser research as a necessary step toward international breakthroughs in fusion development — a step the Soviets have already taken.

Third, Schlesinger promised that the Clinch River nuclear fast breeder project "will never be built" — in an effort to lock President Carter into vetoing a supplemental defense appropriations bill in which funding for the breeder project is contained.

Ironically the immediate result of the Schlesinger press conference has been a loud public liberal outcry from House Ad Hoc Energy Committee chief John Ashley (D-Ohio) and Rep. Toby Moffett (D-Conn) to the effect that Schlesinger has "given away too much" to Sen. Russell Long (D-La), regarded as the key Senate figure representing conservative forces in the bargaining over the energy bill; similar noises are being made privately by the office of Sen. Henry Jackson (D-Wash). As these gentlemen, along with Rep. Al Ullman (D-Ore), chairman of the House Ways and Means committee, and self-advertised White House "honest broker" Robert Strauss, are the principal figures on the "rump committee", which is supposed to work out the compromise, their attacks on Schlesinger are being seen largely as attempts to enhance his own "hardline bargaining position" — especially since they coincide exactly with attacks from Ralph Nader's environmentalist "Congress Watch" operations on Long and other leading Senators as "bought and paid for" tools of the oil and gas industry. The Eastern Establishment press is reporting passage of some sort of "Schlesinger compromise" as almost a foregone conclusion.

But Schlesinger's extreme political vulnerability, along with that of his energy package, cannot be disguised. Syndicated columnist Jack Anderson alleged on national television Nov. 24 that his sources in the Administration are saying that Carter believes the Energy Secretary has made a botch of the program, and that Schlesinger will be the Administration's first Cabinet official to be dumped.

Behind such rumors, and the shrieking of the liberal Democrats, is the reality that Congressmen especially from heavily industrialized districts are now hearing things from their constituents during the recess that lead them to believe that the Schlesinger creation will be impossible to defend politically when they come up for reelection next year.

Schlesinger's reception at national conferences of the Anti-Defamation League of B'nai B'rith and the National Association for the Advancement of Colored People, where he lyingly retailed two different lines last week, was hardly warm, although both organizations are firmly entrenched in the liberal wing of the Democratic Party. That lawyer Max Kampelman, the longtime confidante of Sen. Hubert Humphrey, felt it necessary to raise sharp questions about Schlesinger's "kill the breeder" policy was a significant measure of the disaffection expressed by "Carter's staunchest supporters."

In addition, the possibility of a sudden "bolt" by diverging factions in Congress, and the disintegration of the compromise package or its rejection by the full Congress, cannot be completely discounted.

If the compromise holds together, the chief political loser will be Jimmy Carter. The *Washington Post* served notice today in a front page article that as of now the basic strategy of the "British faction" grouped around Vice President Walter Mondale is to pass "a bill nobody loves" and then attack Carter all year long as the "Herbert Hoover" who promoted the kind of 1930s social crisis Schlesinger nostalgically harks back to in his every speech.

Schlesinger Hits A Snag At The ADL

The following is part of the speech of James Schlesinger before the Anti-Defamation League this week. He was then questioned by Max Kampelman, an ADL executive member. We print both the question and Schlesinger's answer:

We have a broader problem that will become more critical in the 1980s, a worldwide problem: the ability to increase oil production will begin to peter out. By the early 1990s, oil production will begin a long slide downward. We must have vision and foresight that is the purpose behind the national energy plan.

Our energy problems have affected all of us intellectually — we all know that problems are there — but not vicerally. The national energy plan will have to be supplemented by other legislation and action after 1978.

We face the danger of balkanization — by interest group, industrial group, and by region.

The national energy plan is quite simple — we have

been prodigal in energy matters in the past. If all the world were consuming at our rate, all the possible oil in the world would be exhausted in 15 years. Americans are the highest consumers of oil because we have been prodigal. We have opportunities for improvement.

The other thing is to move to other fuels than oil and gas. Coal is abundant, though less convenient and less clean. But we must go back to coal. But it is not only coal that we must make more use of — it will be solar, it will be nuclear to some extent. So we have regulatory measures and we are relying on price mechanisms.

I think we will get a good bill from congress, though probably not strong enough to achieve the president's goal by 1985. We will have to supplement it with other measures.

The underlying premise is to take advantage of the time we have to alter our capital stock and equipment to move from oil and gas and make them more efficient.

The economic consequences are but a prelude to the possibility of dissatisfaction: if we are negligent today — severe economic difficulties in the 1980s will undermine public faith in our system — we will shake the political and social fabric of our nation as it has not been shaken since the 1930s.

Max Kampelman: I think this Administration needs a change in basic approach....I think most people do not have to be convinced that there is an energy problem, but there are confused signals coming from the Administration as to how to meet the problem. You are depending on achieving a national consensus. You talk only briefly about nuclear power...Now, a majority of both houses of Congress passed funding authorization for the breeder, but the President vetoed it....This veto reduces the impact of the sense of severity of the power crisis on the public. And another example. There is so much emphasis on environmental concerns coming from the White House, which seem to take precedence over solving the energy problem. All this produces a confusion of signals which also leads to a confusion on the part of the body politic.

Schlesinger: I agree with you, but not entirely. The House gave the President virtually all he requested except the gas tax. I think we will get a good bill out of Congress. What we are doing is moving the price of oil and gas so that industry will move towards coal. We do not want to rely on the price mechanism, but we do not want to fight it. Regarding the trade-off between energy and the environment: It is a difficult trade-off. Some argue as you do. It is a logical position. Some further adjustment may be necessary. Regarding the breeder: Clinch River Breeder Reactor should not be built, in my judgement, simply because it is not cost effective. It is the wrong facility at the wrong time. But the President has indicated he will preserve the breeder option. We are spending more on breeder research than Europe is. The breeder is not a solution to our energy problems. We can construct L.W.R.'s and coal plants. We have a problem with LWR's in licensing — we will shortly come forward with streamlining legislation which will help this problem. In the long run, if we still need nuclear plants, we will have the breeder option. But the President has made clear that we do not want a plutonium economy. The real energy problem is not electric power produc-

tion. It is liquid fuels. The energy problem on which we should concentrate lies elsewhere.

NAACP Rejects Schlesinger, Calls For Nuclear Development

A personal appearance by Energy Department chief James Rodney Schlesinger was not sufficient to prevent the National Association for the Advancement of Colored People (NAACP) from concluding its National Conference on Energy with a policy statement recommending the development of nuclear power Nov. 19. Originating from the conference's Energy Supply Workshop, the resolution urged "the expanded use of nuclear energy, especially in light of the safety record of the nuclear industry to date."

By supporting the resolution, the NAACP conference's 300 delegates disassociated themselves from support for the slave-labor makework jobs programs such as the Humphrey-Hawkins bill, in favor of high-technology productive employment. Schlesinger's bid for organized black community support of his policy of sabotaging energy development was coolly received. When queried on the Administration's hindrance of nuclear power, Schlesinger lied that the U.S. was looking into more advanced technologies calling the breeder reactor "obsolete."

Following a speech by Fusion Energy Foundation spokesman Susan Kokinda detailing the development of fusion power by the 1990s NAACP National Executive Board Chairman Margaret Bush Wilson, in a veiled reference to Humphrey-Hawkins, asked the delegates to consider, "whether we have to have big government or big oil save us," Wilson then called for a government-industry-black community "partnership for progress."

Below are excerpts of Energy Secretary Schlesinger's remarks to the conference.

We are going to go through a severe transition in the United States. It is the purpose of the President and the energy plan to achieve a smooth and fair transition.

This impact of the National Energy Plan on the economy will be this: we face a future in which cheap and abundant petroleum will ultimately be in relatively short supply. In the longer run, we will have substitutes, be it fusion or solar, we do not know. But we have a problem in the short run — 10, 15 or 20 years.

We are going to have to learn to conserve — by conservation, we do not mean belt-tightening, but greater efficiency. In the longer run, energy prices will rise again, and unless we diminish our dependence on imported oil, we will encounter sudden disruption, with rising unemployment, inflation, balance of payments problems so severe that we could not import oil even if it were available.

And those consequences would fall most harshly on the minorities, elderly, and the poor.

So we are beginning to make adjustments now in our economy — becoming less dependent on oil by switching to coal and other sources, and more fuel efficiency. Then

we could ride out those economic difficulties of the 1980s. Otherwise, this crisis of the 1980s could have political consequences that could shake the nation as it has not been shaken since the 1930s....

...The overall effect of such a redistribution of income through rebates and taxes would be fairness and equity.

Aside from equity, the goal was expansion of production and job opportunities. If we do not have an energy plan that permits for an expansion of the economy, unemployment will rise. So we need a very careful balance between economy and energy policies. We must use monetary and fiscal methods to prevent any part of the energy plan from leading to higher unemployment. We must achieve economic expansion and at the same time diminish our reliance on foreign energy supplies, and be equitable.

We have made reasonably good progress on Capital Hill — 75 to 80 percent of what President Carter proposed will ultimately come out.

We deal with conservation not by bringing down production of energy supplies. Conservation is intended to reduce the rate of growth from 4 percent to 2 percent. But it must not be pushed to the point where it interferes with expansion of the economy and jobs. But we have had a high level of waste, not because people are wasteful, but because capital equipment has been inefficient.

Connally And Allies Continue High Profile Fight For Nuclear Power

Former Texas Governor John Connally and his associates are continuing a political offensive in favor of nuclear energy and technological and economic development. Speaking before the Republican Unity Conference in Florida last weekend, Connally attacked the Carter Administration for rejecting nuclear fusion energy development, renewed space exploration, and the B-1 bomber. "The Democrats have said no to the economic growth of the nation. They have said no to America's future," he charged.

An associate of the former Texas governor, Rep. Olin Teague (D-Tex.), is likewise calling President Carter's veto of the Clinch River nuclear breeder reactor project "rash and irresponsible," according to a column by Felix McKnight in the Nov. 16 *Dallas Times Herald*. "Our grandchildren are likely the ones who shall pay most dearly for this presidential mistake," the House Science and Technology Committee Chairman reportedly said. "The President has called the energy crisis the moral equivalent of war, and that may well be. But this veto action reveals that the President doesn't seem to know which forces are the enemies and which ones are the allies."

In tandem with these strong pronuclear statements from his colleagues, Dallas oil and gas contractor and former Deputy Secretary of Defense under Nixon and Ford, William P. Clements recently declared his candidacy for the 1978 GOP Texas gubernatorial primary. Mr. Clements announced that, if he is elected, he will use his position as governor to influence national energy policy. "There are ways a governor can influence these

procedures and the process," Clements said, explaining that the chief executive from a state that produces half the country's oil and gas should have "high leverage." Clements also declared that "without exception," the Republican leadership of the state, including John Connally, was "enthusiastic and pleased" about his candidacy, adding, "I think they'd like to see an uncontested primary."

JOC On Schlesinger Energy Policy

Here is the Journal of Commerce editorial of Nov. 22 entitled "Woes of a Nuclear Power":

Slowly, but surely, it is becoming apparent that the United States is no longer in a position to control the international movement of nuclear fuels. It can, and does, influence this movement of nuclear fuels. It can, and does, influence this movement somewhat where German or French export sales are concerned, but neither this nor any other nation now has the power to control it absolutely.

The growing awareness of this perhaps explains the confusion on Capitol Hill and the pushing and pulling between Congress and the administration on nuclear fuel policy. It was of some significance that Mr. Carter cast his first veto as President in an effort to prevent Congress from continuing work on the Clinch River reactor. Since that is a breeder type reactor that would produce much larger quantities of weapons-grade plutonium than conventional reactors, and breed its own fuel in the process, he feared other nations might adopt the same technology, with potentially disastrous consequences to the world.

But since at least three other countries (France, West Germany and Japan) are also developing breeders of their own, Congress did not regard this as a very effective precaution. It seemed to fear that cessation of work at Clinch River would endanger the American lead in the field of nuclear energy.

One reason for the confusion is that there are two issues at stake. There is a danger that plutonium will get into the hands of irresponsible elements, perhaps those of terrorist bands. That seems to haunt Mr. Carter. There is also a conviction, widely held in Congress, that this country cannot afford to accept a second place in terms of nuclear technology.

Economic considerations have thus far played a relatively minor part in attempts to resolve these differences, but political considerations are certainly present in them, as witness the talks between Mr. Carter and the Shah of Iran on the latter's efforts to acquire about 20 reactors, of which the United States might supply one-third. Washington is skittish about nuclear proliferation in the Middle East, but it isn't anxious to

offend anyone quite as important to its plans as the Shah, either.

In the meantime, the impasse over the Clinch River project has stalled Senate action on a conference agreement authorizing nearly \$298 million in fiscal 1978 funds for the Nuclear Regulatory Commission. And because President Carter didn't want \$80 million more put into the Clinch River project, he felt obliged to veto the bill authorizing \$6.2 billion for energy research, an important factor in his overall energy program.

Further complicating the picture is a bill (S. 897) recently approved by the Senate Foreign Relations Committee, though not yet considered by the full Senate. This measure, much fragmented by compromise, is aimed at further tightening controls on exports of nuclear fuels and facilities by placing strict limits on what importing nations can do with the fuel they obtain in the United States.

In that sense, this is a tough bill. But its present shape has been no little influenced by worries that the American share in this trade is continuing to fall and by the realization that if the United States does not remain in the export field as a reliable supplier of nuclear materials, importing nations will turn to other suppliers who may not be as firmly committed to nonproliferation as is this one.

The bill, unfortunately, looks like an attempt to pursue two conflicting goals simultaneously. It would permit exports, but in its original form laid down such cumbersome and time-consuming processes as to leave it doubtful whether foreign countries would even try to comply with them as long as the fuels and facilities they were seeking could possibly be obtained elsewhere. This is also true to a large extent with the bill (HR 8638) passed by the House on Sept. 28. Nobody seems too sure what the effect of either would be.

Efforts to frame a generally acceptable measure have, in the meantime, irritated the administration. The chief cause of this irritation is to be found in a number of clauses making administration decisions on export licenses, exemptions from nuclear safeguards and the like, subject to a one-house congressional veto under the Governmental Affairs Bill.

We can understand the administration's feeling about this, just as we can understand the reluctance of Congress to contribute unnecessarily to nuclear proliferation abroad, with all the dangers that would entail.

Still we believe that some of the Senate's wiser heads are right in arguing that the United States will see its influence on the nuclear world sag badly unless it remains a strong factor in the trade in such items. Controls over exports of nuclear fuels and facilities are essential, but they will only accomplish their purpose if they are comprehensible and workable. Our guess would be that the administration and Congress alike have a lot of problems to settle before the bills now in both houses meet these tests.

'900 lb. Gorilla' Kissinger Out To Stop Mideast Peace

Despite the fact that he was not directly responsible for the historic meeting between Prime Minister Begin and President Sadat, President Carter and his Administration spokesmen hailed that meeting as a major step towards a Geneva conference. Speaking to reporters just before Sadat landed in Israel, Carter reaffirmed his

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differences with the brinkmanship foreign policy of Henry Kissinger, saying that the visit would lead to an overall settlement, not separate peace agreements. Throughout the week, the President has been on the phone with both Begin and Sadat and has been working behind the scenes to move the Middle East situation forward to Geneva as rapidly as possible.

It should come as no surprise therefore that former Secretary of State Henry Kissinger should announce his opposition to Carter diplomacy. Kissinger is now telling reporters and television interviewers what he is known to have been saying privately to Congressmen, Jewish leaders, and others: an overall peace agreement is impossible and step-by-step diplomacy à la himself must be resumed. This is a policy-orientation that Kissinger, among others shares with the currently dominant faction in British government and finance.

In speeches to the World Jewish Congress and American Jewish Congress earlier this month, Kissinger warned Jewish leaders that they should look warily at any Carter peace initiatives. This week, "Kissinger has been working furiously to undercut Brzezinski and wants a separate peace" said a Washington, D.C. based Mideast specialist who is close to both the Pentagon and the Israeli government. In an interview with *New York Times* columnist James Reston, Kissinger point blank stated that it is a mistake to keep talking about "a comprehensive Middle East settlement" at Geneva as if that were to be the outcome of the Sadat-Begin meeting. Making the same point, Senator Jacob Javits (R-N.Y.) wrote a special article for the Nov. 21 *New York Post* titled, "Step by Step Is the Only Way For Visit to Pay Off."

Kissinger himself has been not so subtly angling for a renewed public role in Middle East diplomacy, and spoke to Sen. Howard Baker (R-Tenn) just before Baker proposed in a television interview two weeks ago that Kissinger be especially appointed by Carter to participate in Mideast negotiations.

The former Secretary is winning support for his position by manipulating the political aspirations of Republican opportunists close to the Republican National Committee. In an interview with the *Washington Post* Nov. 21, former President Gerald Ford, who never fully broke with the idea that Kissinger was

'brilliant' in the field of foreign policy, repudiated the most positive aspects of his own personal Mideast policy interventions and backed up Kissinger's derision of a Geneva.

Ford has declared that Geneva must serve only to ratify an agreement already worked out, so that the talks would not collapse into a war.

One day later, Kissinger took to the TV to mount his attacks on the Administration. In an interview on the Today Show, Nov. 23, Henry said that Geneva should not be a forum for negotiating a peace agreement. What's more, he declared that the Soviets have only contributed to war in the area and should not be involved in peace discussions pursued by the U.S.

"Kissinger is doing a disservice to U.S. interests by deflating Geneva," declared a Georgetown University Middle East expert, commenting on Kissinger's television interview in particular. "His view on the Soviets in the Middle East is naive." An aide to a leading Democratic Senate supporter of Carter's policies proclaimed Kissinger "the Republican's 900-pound gorilla" who is trying to revive step-by-step negotiations. No one knows what he will do next."

The Administration has not sat idly by while Kissinger is on the rampage. Only a few hours after his Today Show interview, Deputy Secretary of State Warren Christopher reaffirmed the Administration's policy and directly countered most of Kissinger's comments, in a speech to the Union of American Hebrew Congregations Convention in San Francisco.

N. Y. Times: Take the Credit, Henry

The New York Times, on the occasion of the Sadat-Begin breakthroughs toward a Geneva Conference, somehow managed to construe this as the proper occasion for a tribute to Kissinger. The following is part of the Times' Nov. 20 editorial.

A word, on this Sunday morning of hope in Jerusalem, for the true broker of the Sadat-Begin encounter. For all we know, Henry Kissinger was as surprised as the rest of us by the overture from the Egyptian President that produced his sudden visit to the Israeli Prime Minister. No matter. The former Secretary of State recognized the irrepressible yearning for peace on both sides of the Suez Canal in the dark and frantic hours of the 1973 war. Daringly, to the extent possible, he maneuvered the battle itself so that each side would emerge with enough pride and incentive to move toward negotiation. He then demonstrated with his celebrated shuttle the opportunities for a series of deals. And generously, even out of office, he has lent his support and counsel to all parties to

preserve the momentum.

The Carter Administration has built on his record, of course, correcting a few mistakes along the way. It could not instantly replace his experience in the Middle East or the enormous reserves of credit he had built up in all the capitals of the region. His endurance of Mr. Sadat's kisses, and Golds Meir's lectures, has not gone for naught. Indeed, Mr. Carter could do worse than to enlist the former Secretary in the follow-up diplomacy to today's dramatic breakthrough....

Javits: Let's Wait Years

The following is part of a feature article written by New York Senator Jacob Javits on the occasion of the Sadat-Begin meetings. It appeared in the Nov. 21 New York Post.

...President Carter's concentration on achieving a real peace is a valid and most important element in the current favorable climate for achievement of results at Geneva.

However, the missing ingredient in my view remains the necessity of "phasing" the carrying out of any peace agreements negotiated in Geneva.

If there is to be any kind of Israeli withdrawal it could only be achievable in the context of secure and recognizable borders for Israel and a deliberate phasing in over a period of years which would allow for testing of the good faith of all parties, the growth of trade, social and political interchange which will breed mutual trust and confidence, and an opportunity for the Arab population on the West Bank and in the Gaza Strip one day to determine its own future.

Phasing will be equally important with respect to the political disposition in any areas from which Israel may withdraw.

If the concept of some political entity is to be achieved on the West Bank and Gaza, it would first have to pass through several way stations to prepare the people who live in those areas for meaningful self-determination.

It is most significant that neither Sadat nor Begin mentioned the Palestine Liberation Organization, for the PLO is an external organization made up of Arab refugees living in Lebanon, Syria, Jordan, the West Bank and Gaza and elsewhere, mostly in the Arab world....

...But from his own experience with the PLO — which in 1970 tried to take over Jordan as it later tried to do in

Lebanon — it is difficult to imagine King Hussein freely agreeing to the establishment of a PLO state in the West Bank.

Such a state could pose a grave and constant danger to Jordan as it would to Israel. A PLO state for the West Bank is simply unthinkable.

I believe that a period of interim administration, which will require some years, will be needed in the West Bank and Gaza....

...In addition, the PLO as a paramilitary terrorist organization must be excluded from the West Bank and Gaza in order to give the people there a true and meaningful opportunity for political self-determination — which would be impossible in the face of PLO coercion....

...But I do not believe that the President of the U.S. has the right to force Israel into agreements which Israel truly believes to be incompatible with its national security.

It would be morally wrong for the U.S. to impose terms upon Israel which Israel in good faith considers suicidal, under the threat of being cut adrift and abandoned by the U.S. even if the President were fully convinced in his own mind that the terms posed no basic threat to Israel's survival.

"As a Former President..."

Former President Gerald Ford took a Kissinger-type position in an interview with the Washington Post Nov. 21, 1977. The following are extracts.

...The former President expressed approval of the visit of Egyptian President Anwar Sadat to Israel. He said that the dramatic Israeli-Egyptian peace move was "risky" because of the high expectations it created, but added that the risks were worth taking in the interest of peace.

But Ford expressed "many reservations" about the Geneva conference which the Carter administration hopes will lead to a Middle Eastern peace settlement....

...“Our policy would have been to go to Geneva for ratification of what previously had been negotiated between the state of Israel and its Arab neighbors. That way you don't break down Geneva at the very beginning with procedural problems. If you go to Geneva without something to ratify, the whole conference could be a failure, and then there probably would be some very serious repercussions.”...

United States Policy and Dr. Kissinger's

The following is part of an interview granted by President Carter Sunday, Nov. 20 on the Begin-Sadat meetings.

Carter:

Biggest Breakthrough In 30 Years

Q: Do you think things are going well so far?

A: I think so. The fact that President Sadat would be courageous enough to go to Israel will transform, I think, the Middle Eastern peace prospects regardless of the outcome of this particular visit. It's a breakdown in 30 years, perhaps even centuries, of hatred. And I was particularly touched yesterday when President Sadat walked down the red welcoming carpet and shook hands with Mr. Dayan, and he and Mrs. Meir exchanged friendship, and he then kissed her on the cheek. I thought that was a great occasion.

I think it will be a major step forward.

Q: What do you mean that leaders have been an obstacle to peace in the Middle East?

A: Well I think it's obvious that the people of the world want peace, and pray for peace. And I think that this action by President Sadat to break down all the barriers that have been created by leaders in the past and go directly to the heart of Israel, in Jerusalem, has been feared by many as a possible action that would arouse the animosity of his own people and also there was doubt about how Israel would receive him.

But the overwhelming gratitude and excitement that now exists in Egypt and in Israel show that the people were ready for it and it was just the reluctance of leaders to take this momentous step that was an obstacle. And I have talked to all of the leaders in the Middle East — both the presidents, the kings, the prime ministers and the foreign ministers — and I know from personal experience that they genuinely want peace.

Some of them, I think, have underestimated the willingness of their own people to accept strong moves toward a new understanding. And I think that Mr. Sadat and Mr. Begin will show today that the two nations that have constantly been at war, with tremendous suffering, whose leaders have only been separated by a 30-minute plane ride, have responded well. I think this is proof in itself that had we leaders of the world been more aggressive in taking bold steps that the people would have responded well.

Christopher:

Soviet Role Essential

The following is part of a speech delivered by Deputy Secretary of State Warren Christopher Nov. 22 at the convention of the Union of American Hebrew Congregations.

President Anwar el-Sadat of Egypt and Prime Minister Menachem Begin of Israel have taken action to

prove their determination to work for an overall settlement.

The want to get to the forum which already exists for that purpose — the Geneva Middle East peace conference — where all the parties can be represented and peace treaties can be negotiated dealing with all the issues that separate Arabs and Israelis.

What we know from the events of the past few days gives up hopes that the momentum for reconvening that conference can continue to build.

It would be wrong and shortsighted in these weeks of intense diplomacy to pretend that the Soviet Union, as co-chairman of the Geneva conference, does not have an interest in the Middle East, or to pretend it does not have a role to play in the outcome of negotiations — a constructive role or a troublesome role.

That is why, through our recent joint statement, we sought to engage the Soviets on the most constructive basis at this most critical moment. We do not take lightly the Soviet commitments implied in that statement.

Kissinger:

Neither Geneva Nor The Soviets

The following are comments made by Henry Kissinger Nov. 22 on NBC-TV's "Today" show.

With respect to Geneva, it's important to know whether we want to negotiate something or to ratify something.

I think Geneva as a ratification forum can be very useful. As much as possible, it should be negotiated ahead of time.

Now that the parties are directly in contact with each other, our role should be more facilitating than intrusive...

If the Soviet Union genuinely wants peace, it should welcome it. The Soviet Union has been responsible for most of the crises in the area.

It opposed the trip of President Sadat, it has discouraged other Arabs from welcoming it.

If there is a solution, the Soviet Union can participate in endorsing it. But I do not think the Soviet Union is necessary to bring matters beyond this point. I would certainly not enhance the position of the Soviet Union at this point. It isn't necessary.

Kissinger:

Geneva Will Fail

The following is part of James Reston's account of an interview he had with Henry Kissinger just prior to the Begin-Sadat meeting, and carried in the Nov. 20 New York Times.

Mr. Kissinger said he thought it would be a mistake to keep talking about a "comprehensive Middle East settlement" at a Geneva conference as a preferable alter-

native to the Begin-Sadat meeting. If the two could not agree on a philosophic basis for compromise, Mr. Kissinger observed, the bureaucrats at Geneva could certainly not agree on boundaries or any other points of difference, and "Geneva would become irrelevant."

"For the first time," Mr. Kissinger said, "these

leaders are talking together and in Jerusalem, with Sadat going to the most sacred religious and historical shrines of Israel. Let them decide what the requirements for the future are. A Geneva conference is not an end in itself. If this mission doesn't succeed, how can Geneva succeed when you're dealing with bureaucrats?"

Harriman Prepares 'Grassroots' Drive To Support Panama Treaty

Exclusive to the Executive Intelligence Review

Twelve hundred professional lobbyists from around the United States met Nov. 18 in Washington, D.C.'s International Inn for a full day conference preparing them to "Go out and get the Panama Canal treaty passed."

The event was organized by Averell Harriman's newly formed Committee of Americans for a Panama Canal Treaty (COACT), while the Carter Administration supplied the big guns to get a protreaty machine rolling. Community speeches, television specials, articles in local newspapers, slide-talks, and so forth, can be expected to begin a "grassroots" swell across the country in answer to the vigorous publicity blitz of the largely "conservative" opposition to Senate passage of the treaties.

Unfortunately — if not surprisingly — COACT's organizing promises the American electorate a barrage of canned arguments for the Panama agreement which are no more than the flip side of the equally canned points made by the treaty's opponents. The so-called Panama Canal issue thus continues to be merely a fight for political leverage in internal United States politicking, leaving the needed open debate around full redefinition of U.S. foreign policy along the humanist, progrowth outlines on which it first began largely unaddressed.

The lobbyists gathered at the International Inn, all there by special invitation, were greeted by Vice President Walter Mondale, then addressed by an impressive series of speakers, including former Secretary of State Henry Kissinger, treaty negotiator Sol Linowitz, and the Secretary of the Navy Graham Clayton. Linowitz was so overawed by his companions on the podium that he began his speech with the confession that he felt like a "brownie" in comparison with such figures as Henry the K.

The speeches were directed to answering "everything you always wanted to know about the Panama Canal treaty," preparing those present to see their con-

stituencies on passage of the treaty. Sol Linowitz tried to couch his arguments in favor of being "fair" to Panama, and ending the U.S. colonialist image abroad. Henry Kissinger provided hardline bluster, assuring the gathering that he would be more than willing to send in U.S. troops to keep the Canal open if there was no alternative, but that the treaty fortunately provides that alternative.

Kissinger also stressed the bipartisan nature of treaty support — and not incidentally playing up his own importance in passing. If "we" had won last November, and the "lamentable events" of last Jan. 20 thus avoided, Henry quipped, "we" would have negotiated the treaty also.

In addition to such speeches, every lobbyist was provided with a packet of materials by COACT, including sample speeches to "Hosttown", sample op-eds, and other "grassroots" organizing equipment, including a "How-to Kit." Even new slogans were put forward: "America: Speak Softly but Carry a Big Stick," and "Bully for America? or America, the Bully?"

The event was capped by a reception at the White House where Jimmy Carter personally appeared to give a pep talk to the group. A Harris Poll conscious Carter seemed to feel more energized himself at the sight of the 1,200 organizers. (An attendance of 400 had originally been projected.) Carter told the gathering he was glad to see so many people, and was sure they would all go out to insure the treaty was passed first of all "for me," and, of course, in the "long run, for national interests." A more politically astute member of the Committee must have corrected the President on this, for shortly thereafter Carter jumped back on the podium to remind people that indeed this was a bipartisan effort, and not just a personal matter for Jimmy Carter!

Whether or not the Harriman machine can get the treaty passed — and its efforts will probably aid that end — one thing was clear from the day's proceedings: Averell Harriman gained some solid brownie points with the Carter Administration by successfully demonstrating his ability to deliver his machine.

World Trade Plummets 9%

Trade in the industrialized countries plummeted 9 percent in the third quarter of 1977 as virtually every advanced sector except Japan registered a sharp decline in both exports and imports.

As the balance sheets were tallied for the quarter ending in September, exports from Belgium and France

only \$500 million, or .4 percent, and imports fell \$500 million.

Most interesting is that exports for France, Belgium, Britain, Canada, Italy, and the Netherlands — a group of weaker European economies — grew by \$2.5 billion (4 percent), while exports for both West Germany and the United States together fell over \$1 billion (3 percent). Conversely, imports for all of the six grouped countries dropped \$3.5 billion (5 percent), as imports for the U.S. and West Germany increased over \$3 billion (3 percent). The three nations that showed increases in exports of around 10 percent — Canada, Britain, and Italy — did so on the basis of large currency depreciations, which have only temporarily lifted their export goods from abysmal lows.

Of more importance is that West Germany, Japan, and the U.S. — the “locomotives” of the OECD — are now decelerating their rates of growth, absorbing export losses and balance of trade deficits as a very short-term — and ultimately exacerbating — measure to prevent total economic collapse in Europe.

WORLD TRADE

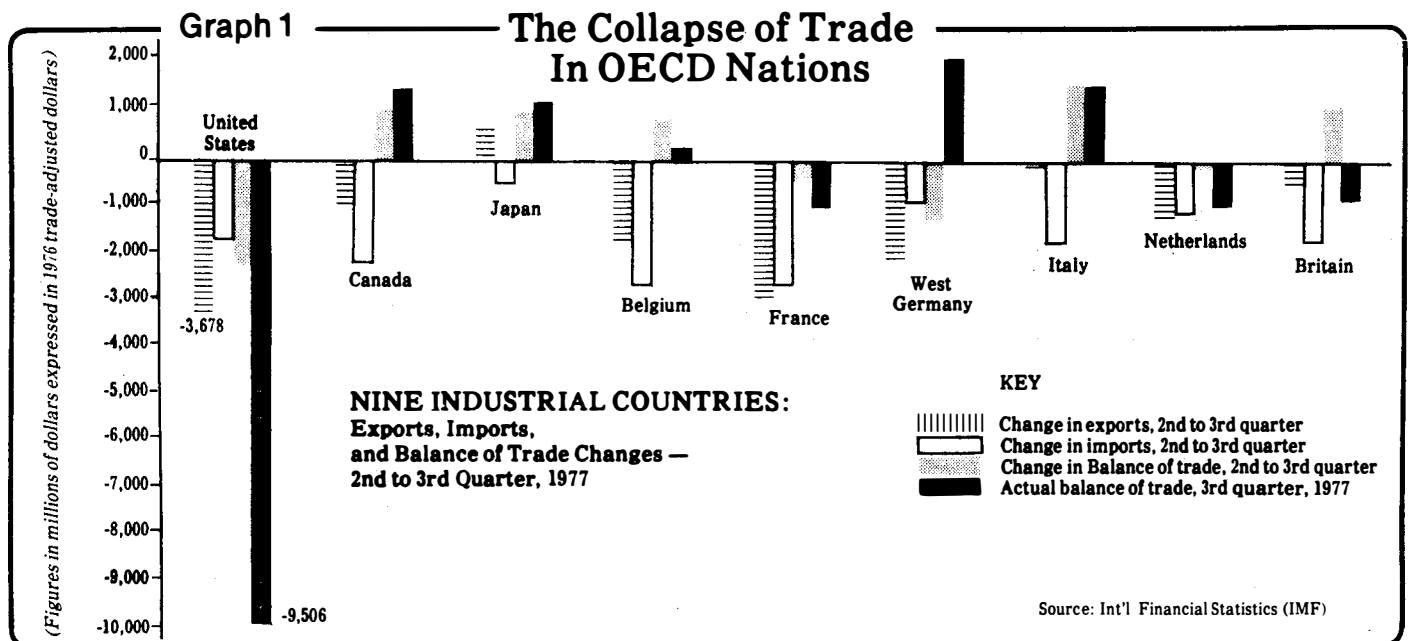
fell 19.2 and 17.7 percent, respectively, representing a collective loss of \$4.5 billion as compared to the first three quarters of 1976; U.S. exports plunged 12.3 percent or \$4 billion; and West Germany's exports declined 7.4 percent, according to the November issue of the *International Monetary Fund's Financial Statistics*.

Imports fared no better: Belgium recorded an astounding 27.5 percent drop; Canada and France registered an 18.1 and 15.1 percent decline, respectively; Italy's imports took a dive of nearly 15 percent; and imports to the Netherlands and Britain were both down 10 percent (see graph 1).

This collapse is far worse than the normal third quarter seasonal decline. Considering that economic growth has generally been better this year than last and that a 5 percent yearly rate of increase is regarded as minimally healthy, a comparison of trade in the third quarter of 1977 with that of 1976 shows at best stagnation and more generally, *negative growth* (see graph 3). Volume of exports for all industrialized countries grew

An Incompetent Solution

The collapse of world trade is absolutely not the result of oil price increases or gluttonous energy consumption by OECD nations. As the *Executive Intelligence Review* recently documented, U.S. balance of payments with the Middle East oil-producing countries is nearly even, due to petrodollar investments and deposits in the U.S. The problem of trade is the problem of useless speculation by London and Wall Street in “hot money” at the expense of



productive investment in global industrial development. It is the fruition of the British method of colonial economics applied to the advanced sector.

For the last year, monetarist policy emanating from the City of London and enforced by the IMF and World Bank dictated that less developed countries (LDCs) remedy their chronic balance of payments deficit and increasingly precarious indebtedness by slashing imports to the bone, intensifying austerity, and increasing exports of particularly raw materials and cash crops.

The result has been a \$12 billion cut in LDC imports, a sharp increase in exports, and corresponding reductions in balance of payments deficits.

For example, Mexican trade and balance of payments deficits declined by 80 and 68 percent respectively, during the first two quarters of this year as compared to the same period last year. Exports were forced up by 30 percent; imports were cut a drastic 20 percent — including a 20 percent drop in capital goods and machinery purchases. In Argentina, the military junta has bled the population to get a huge 60 percent increase in exports this year, and estimates a nearly \$1.5 billion increase in reserves which will go straight to debt service.

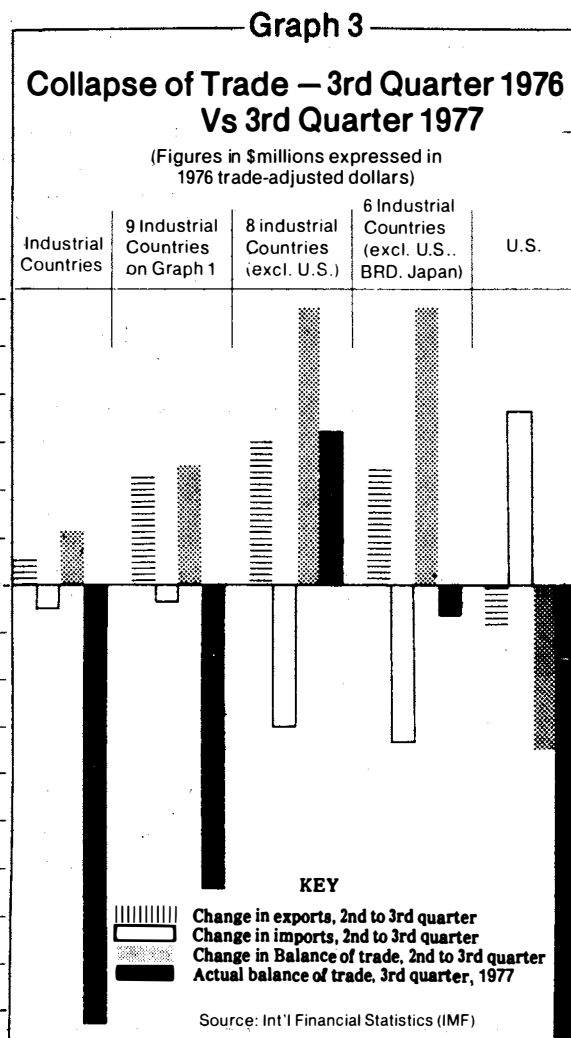
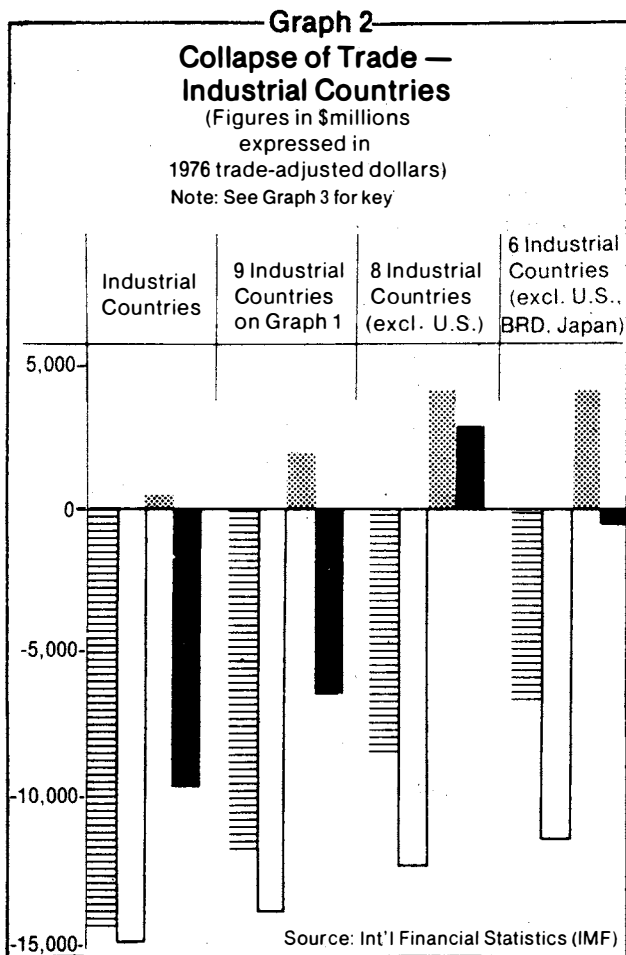
The rationale for these measures is that the “richer” advanced sector nations could, and must, absorb the imports and suffer the export losses. The strategy worked so well that within one year Europe’s economies were faced with the same deficit problems as the LDCs. To replicate the success of the Third World solution, the City of London and its confreres have ordered that the advanced sector be put through the same wringer — this

time, with “richer” West Germany, Japan, and especially the United States to absorb the losses. The difference now is that these forces aim only to cut imports — as they dismantle industry across the board.

Therefore, in the face of a resounding trade collapse, the third quarter shows a \$500 million increase from the second quarter in the balance of trade for industrial countries (see graph 2, column 1) and \$1 billion increase from the third quarter of 1976 to the second quarter of 1977. Nations with the most drastic import cuts, like Italy and Belgium, moved into a balance of trade surplus. Canada moved ahead of Japan with a nearly 500 percent increase over the second quarter in its balance of trade surplus. Britain increased its surplus by 60 percent through import cuts. The nine countries surveyed reduced their deficit by \$2 billion.

The United States and West Germany are, however, rapidly approaching the status of the poorer OECD countries. The U.S. trade deficit increased 30 percent in the third quarter, by \$2 billion, to a record \$9.5 billion because of its enormous loss of exports. Similarly, West Germany’s surplus was cut 33 percent. Only Japan’s modernized economy, which enables cheaper production of goods, has been able to expand in this climate, but at a sharply reduced rate, axing its imports by \$500 million.

As Otmar Emminger, President of the West German Bundesbank, stated last week at the National Foreign Trade Council Convention in New York: “There have



been surprising changes in the international payments scene over the last twelve months," said Emminger. "Distinct progress has been made in Europe...France, Britain, and Italy together...Last year the spotlight was mainly on Europe and on the group of LDCs with their massive external indebtedness. Now the spotlight is more on the United States and Japan (emphasis added -ed)."

Why the U.S. Deficit

Accompanied by a downturn in U.S. corporate earnings, contraction of new investment and bank loans, and

chaos on the currency markets, the trade collapse signals the onset of an undisguised depression in the United States.

*Both domestic and foreign lending is falling. With interest rates edging up, the bond market is in the doldrums, as corporations refrain from expanding or investing in capital goods, preferring to stay liquid for contingencies. U.S. capital outflows — i.e., U.S. capital invested abroad — for the first six months of 1977 was half that of the same period last year.

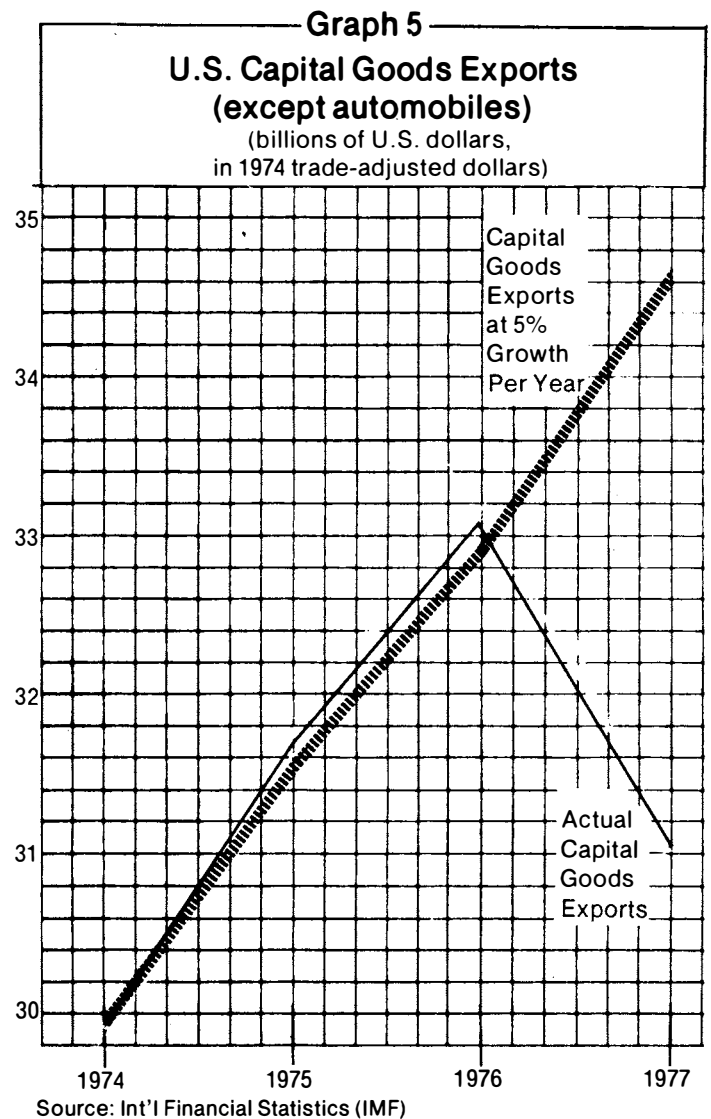
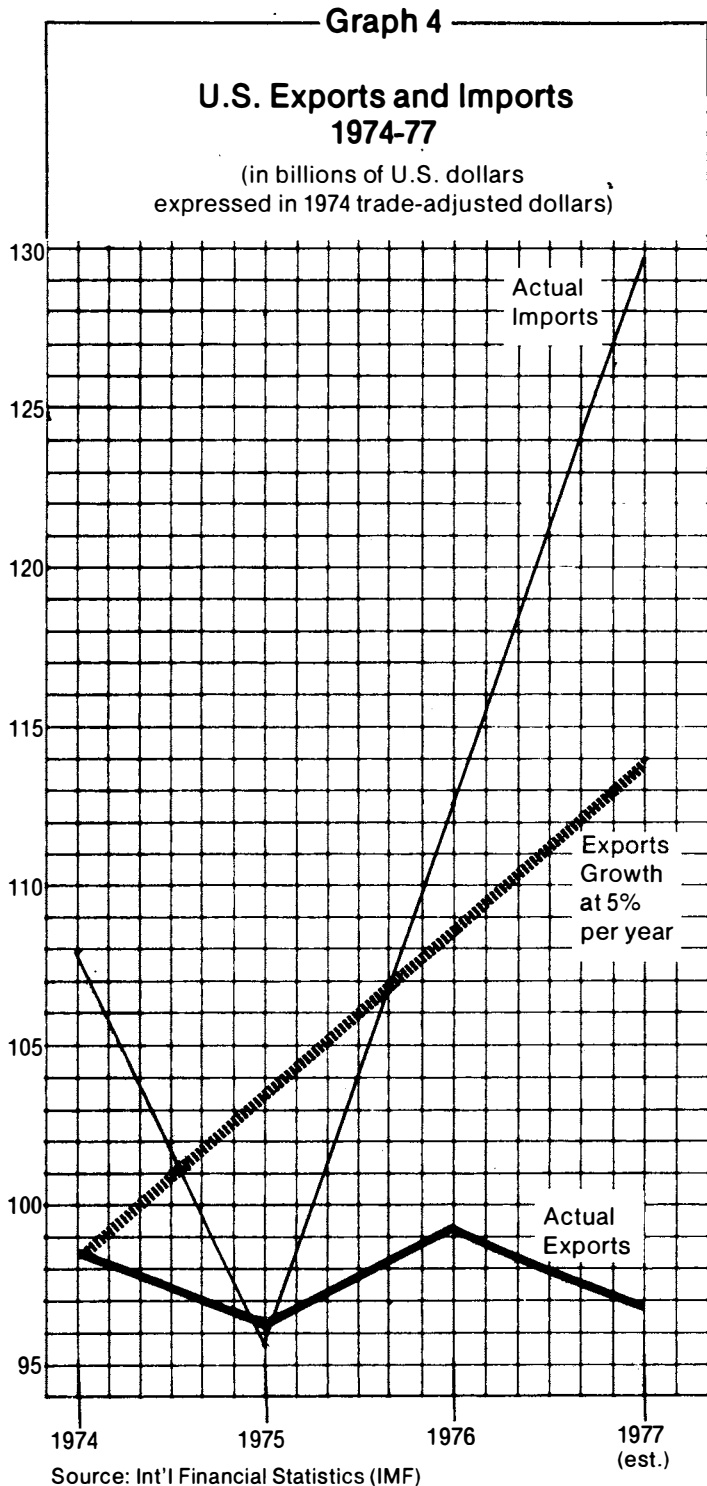
*Both long and short-term claims on foreign-held assets is flat over the first three quarters of 1977. There has been zero growth — and in real dollar terms *negative* growth — in U.S. investments abroad, compared with a modest \$20 billion increase in 1976.

*U.S. bank loans to foreigners fell \$1.7 billion in the third quarter, versus a \$5.4 billion increase in the second.

*Production of manufactured goods fell 28 percent in the first three quarters of 1977.

*Exports are now 15 percent below a minimally healthy yearly growth rate of 5 percent, using 1974 as a base year (graph 4).

*Capital goods exports are down by 6 percent this year and by nearly 12 percent from a minimally healthy growth rate of 5 percent per year (graph 5).



U.S. Balance of Trade and Current Account by World Area

1975 - AUGUST, 1977
(Billions of Current U.S. Dollars)

	TOTAL	CANADA	LATIN AMERICA	WESTERN EUROPE	(OF WHICH) EEC	EASTERN EUROPE	JAPAN	NEAR EAST	OTHER (a) LDCs
BALANCE, MERCHANDISE TRADE-FAS (b)									
1975	11.6	N.M.	1.1	9.2	6.3	2.1	(1.7)	2.9	(2.6)
1976	(5.6)	(2.1)	(0.1)	9.6	7.5	2.6	(5.3)	0.2	(10.9)
Jan-Aug 1976	(2.5)	(1.1)	0.2	5.5	4.5	1.9	(3.4)	0.4	(6.5)
Jan-Aug 1977	(17.9)	(2.0)	(3.1)	4.4	3.2	1.1	(5.0)	(2.1)	(11.4)
a. Balance, Agricultural Trade									
1975	12.4	0.8	(1.4)	5.6	4.5	1.5	3.0	1.0	1.2
1976	11.8	0.9	(2.4)	6.0	4.4	2.2	3.5	0.8	0.6
Jan-Aug 1976	7.4	0.6	(1.6)	3.4	2.9	1.6	2.2	0.5	0.4
Jan-Aug 1977	6.3	0.6	(2.7)	4.2	3.5	N.M.	2.5	0.7	(0.1)
b. Balance, Fuels Trade (c)									
1975	(22.0)	(3.9)	(7.2)	0.7	0.5	(0.2)	1.6	(4.9)	(8.2)
1976	(29.8)	(3.5)	(6.8)	0.5	0.5	(0.2)	1.2	(8.4)	(12.6)
Jan-Aug 1976	(19.1)	(2.4)	(4.5)	0.4	0.4	(0.1)	0.8	(5.3)	(8.1)
Jan-Aug 1977	(27.3)	(2.1)	(6.0)	(0.5)	(0.3)	(0.1)	0.7	(8.2)	(11.2)
c. Balance, Manufactures Trade									
1975	20.6	5.3	10.0	0.5	(0.6)	0.7	(7.7)	5.1	3.6
1976	12.7	3.7	10.2	0.6	N.M.	0.8	(11.5)	6.2	0.7
Jan-Aug 1976	9.5	2.8	6.5	0.3	(0.1)	0.4	(7.4)	4.3	0.8
Jan-Aug 1977	3.3	1.8	6.0	(1.0)	(1.4)	0.2	(9.3)	4.0	(0.6)

Note: (a) Includes Indonesia, Algeria, Libya, Nigeria, and the non-OPEC LDCs of Asia and Africa. (b) Basic Merchandise trade balance. Does not include transport and service charges; includes re-exports and "exports not classified by area." (c) Including fuel and petroleum products.

Source: U.S. Department of Commerce

Exclusive Report On The N.Y. Maritime Regulation Conference

Trade War Brewing In The Shipping Industry

The governments of maritime nations Britain and the United States are verging on adoption of protectionist measures that will prevent cheaper, more efficient Japanese and Soviet carriers from biting into a shrunken world maritime trade, and block "creeping competition" from Third World nations trying to develop their own carrying trades. This emerging policy stance was highlighted at a Nov. 15-16 conference on International Regulation of Maritime Transportation sponsored by the Fordham University's Corporate Law Institute in New York City.

Over the past year threats have been made by the United States and Great Britain to respond to the worsening collapse of world trade, reflected in decreasing shipping tonnages, by erecting restrictive maritime barriers. Paralleling moves limiting Japanese imports of steel and other finished and semifinished products, maritime protectionist moves by the U.S. have included the introduction to Congress of a cargo preference bill stipulating that a certain percentage of imported petroleum be carried on U.S. flag ships.

At the same time, Great Britain has charged the Soviet Union with "dumping" practices in international maritime trade. A June 18 article in the London Economist charged the Soviets with "encroaching" on British trade through "swashbuckling price-cutting." The article, however, admitted that the Soviet fleet accounts for less than 2 percent of total world shipping tonnage.

Following are excerpts from speeches given by the conference participants during a session titled "Regulation of the Maritime Industry Abroad." Included are private comments made by various speakers following their formal presentations.

GREAT BRITAIN

F.J.J. Cadwallader, Institute of Science and Technology of Wales School of Marine Law and Policy:

"The government and entire shipping community of the United Kingdom are firmly against the adoption by any country of discriminatory regulations against foreign flags. This should not lead outsiders, however, to think that the UK lies unprotected in this area. The Merchant Shipping Act of 1974 provides for the invoking of very stern measures in such an event. So wide-ranging indeed are these provisions that at the time of their passing, promises were given in relation to the conditions under which they would be invoked... Those who believe in the total freedom of shipping at a national level must continue to hope that this will remain the case and that no change in the mood of internal politics will see a more sinister operation of the powers."

Prof. Cadwallader then departed from his prepared remarks to state that at the recent Brussels meeting of the European Economic Community, Britain made three alternative proposals to regulate Soviet trade. These included the possible restriction of EEC export credits to the Soviets, unilateral sanctions, or changes in specific bilateral agreements. The EEC decided that these measures were "too harsh" and in fact might very well boomerang, so no action was taken. Prof. Cadwallader remarked that Britain may unfortunately have to "enforce the 1974 protectionist laws."

FRANCE

Pierre G. Bonassies, Professor of Law, University of Aix-Marseilles:

Shipping representatives from France and Sweden

reluctantly responded to the British war cry by documenting historically how regulated international trade would damage their countries' growth. They concluded, however, that they could see no alternative to protectionism.

Bonassies remarked that in order for French shipbuilders to receive government subsidies, which can amount to 25 percent of the price of the ship, two big shipyards at the most can be in operation, instead of the five or six yards that have operated in the past. The seriousness of the situation is reflected by the fact that the French government has commissioned a study on, "Maritime Transport and National Defense," which will stress the economic and strategic importance of current French shipping problems.

SWEDEN

Jan Rambert, Associate Professor, Faculty of Law, University of Stockholm:

Rambert stated that 90 percent of Swedish shipping is between third parties, making up almost the entire balance-of-trade surplus for the economy. The effect of any drop off in Swedish international trade, therefore, would immediately affect Sweden's ability to import. Remberg recalled that the last era of protectionism in Sweden was in 1723 but that since 1976 the shipping interests have proposed increased public control. He pointed to the danger of escalation of policies of restrictive trade, which could spur "commercial warfare" resulting from the "countermeasures that will be taken by other countries."

JAPAN

Takeo Kubota, Chou University, Tokyo:

Put on the defensive by U.S. claims that government subsidization of shipping and shipbuilding in Japan has produced unfair competition, Kubota denied that the Japanese government interferes in commercial shipping, though changes are under consideration, since 20 countries now discriminate against Japanese flag ships. In contrast to the European representatives, Mr. Kubota saw the agreements recently reached by UNCTAD to assure 20 percent of the freight carried in trilateral deals allocated to the developing sector country involved, as a positive step that would decrease flag ship discrimination.

Under international pressure, the Japanese government modified its subsidy program two years ago, though in order to encourage the use of new technology and lower production costs the government has set up a special company for joint private-public construction

projects. Pointing to trade sharing agreements recently negotiated with the People's Republic of China, Mr. Kubota tried to appear hopeful about avoiding international trade war.

In private, the Japanese representative agreed that the Japanese-Soviet agreement to containerize the Trans-Siberian Railroad and destination ports can provide a "land bridge" for finished Japanese goods to Europe. Though the cost of transport would be higher on rail than completely by ship, the land bridge would cut transport time in half and avoid the potentially politically unstable Suez Canal. Nodding his agreement with the fact that Japanese industry is being shut out of U.S. markets due to the cries for protectionism, Mr. Kubota winked and said, "You know what we would really like to sell the Soviets? Steel."

SOVIET UNION

Dr. George A. Maslov, on the Law Faculty of the Institute of Foreign Trade, and president of SOVINFLLOT, the Soviet trade organization that negotiates trade agreements for the 16 Soviet shipping companies.

Dr. Maslov began by questioning how helpful his comments could be since the Soviet economy has very different shipping problems than other countries. More than 9 percent of the Soviet labor force is involved in transport, which is of concern in an economy where there is more of a labor demand than supply. Therefore, he explained, the major concern is increasing labor productivity through the application of science to new transport technology, which will decrease the number of workers needed.

For this goal, 15 seamen's trade schools, 13 colleges and 4 university marine programs have been developed. At the present time, one out of every three seamen have had a special college or university level education. Dispelling charges of Soviet plans to corner the world shipping market, Dr. Maslov stated that the United States is not upset that the Soviets have moved from ninth to seventh place in world tonnage shipped, but that the U.S. is still number eight. He finished his remarks by pointedly saying that the Soviets will not raise their rates to help less productive countries, that they will not be penalized by a world economic collapse which they had no part in creating. Soviet shipping is only a threat to the industrialized capitalist sector because of the present economic crisis, Dr. Maslov emphasized.

Parenthetically, Dr. Maslov remarked that western countries complaining about trade imbalances that exist due to higher Soviet imports from their countries than exports should reduce trade imbalances by using more Soviet shipping.

U.S. Tells Japan 'Surrender On Trade Issues'

The Carter Administration informed Japan on Nov. 21 that it had three weeks to accede to U.S. conditions on trade relations — or face a series of protectionist measures. Richard Rivers, general counsel to U.S. Trade Negotiator Robert Strauss, strongly "suggested" to officials in Tokyo that within three weeks Japan should: 1) set a definite date for moving its current account surplus into a deficit; 2) announce specific measures to increase imports and to restrain exports; and 3) produce a list of immediate and long-term measures to facilitate a fundamental restructuring of trade, including raising imports of manufactured goods from current 20 percent of total to as much as 40 percent.

Japanese officials cited by the *Washington Post* noted that the last measure would require Japan to institute a planned economy. To prevent anyone from missing the point, Rivers emphasized that the announcement must be made before the mid-December vacations of U.S. Congressmen who will then face constituents' angry demands for protectionist legislation.

The U.S. delegation scoffed at all compromise overtures by the Japanese, who were genuinely shocked at what they regarded as a U.S. ultimatum. Japan repeated its offer for emergency imports worth \$3 billion worldwide, including \$1 billion in uranium purchased from the U.S. Speaking to a visiting opposition party delegation from Japan, Strauss's deputy Alan Wolff dismissed the Japanese offers as "nothing more than a wisecrack." When export-dependent Japan refused to commit economic *hara-kiri*, Rivers packed up his bags and returned to Washington. Strauss's office then announced that the trade negotiator would not continue talks in Japan unless he were guaranteed Japanese acquiescence in advance.

Both the London and New York investment houses behind Strauss reinforced the ultimatum with a renewed assault on the yen. They rigged several hundred million dollars per day of currency flows to smash through the currency controls the Bank of Japan imposed last week, sending the yen to a record 241 per dollar as of this writing vs. 245 before currency controls were imposed. U.S. press sources report that U.S. Treasury Secretary Michael Blumenthal is aiming at a level of 200 — 210, which would decimate the Japanese economy. Mitsubishi Bank had already issued a report saying that "economic panic" had set in in Japan due to the 240 yen level.

Strauss's ultimatums and Blumenthal's currency manipulations make it clear that the Administration is not interested in an amicable settlement of trade disputes, but prefers Japan end its progrowth policies, as a member of the U.S. National Security Council admitted to the West German daily *Frankfurter Allgemeine Zeitung* Nov. 21. Other Administration spokesmen including Vice President Mondale, have gone out of their way to insult Japan for allegedly breaking promises on trade issues. Significantly, Mondale's statement, like Wolff's remarks, were made to a visiting delegation from the Japanese opposition Komeito party, a zero-growth oriented Buddhist party.

Japan's Judo

In their public response, the Japanese deliberately leaked to the press a report that Prime Minister Takeo Fukuda told his cabinet that emergency measures had to be taken within a month to avoid censure by President Carter. But this should be seen for what it is: a deception operation to gain time.

Meanwhile Japan is working to set up an international arrangement that will enable it to escape financial warfare. The key to this is an attempt to set up healthy economic ties with both China and the USSR. The Administration has attempted to set up Japan relations with China against the USSR. Only last week Assistant Secretary of State Phillip Habib told the Komei delegation that the U.S. wanted Japan to sign the treaty with China containing an "antihegemony" clause specifying that neither nation would seek to be a preponderant influence over others. Such a clause is generally seen as an anti-Soviet statement since the hegemony clauses in the past have been used to refer to the Soviet Union. Signing such a treaty would disrupt the joint Japan-USSR energy/economic pact now in progress or under negotiation. Habib, however, noted that signing the treaty would improve U.S.-Japan relations.

Foreign Minister Ichiro Hatoyama told the press that Japan instead wants to simultaneously sign the China treaty and a treaty with the USSR. *Yomiuri Daily News* suggested Japan outflank the antihegemony clause by including the same clause in the Soviet treaty, thus erasing its character as an anti-Soviet codeword.

Kreps Favors Energy-Trade Pacts

Faced with increasing pressure from sections of the Carter Administration motivated by protectionist schemes, Japan is hoping to influence the sane factions of the U.S. Administration to cooperate with Japan on energy policy. Toward this end, Japan's Science and Technology Agency chairman Sosuke Uno told the press that when U.S. Energy Department chairman representative Edwin Kintner visits Japan this month, he will propose that the U.S. and Japan work out a joint agreement on fusion power development.

Evidence of a division in the Administration came with Commerce Secretary Juanita Kreps's endorsement of triangular development cooperation such as Japan's recent invitation to U.S. companies to participate in developing Soviet resources with a \$20 billion gas project. Although Schlesinger repudiated Kreps's remarks Nov. 21 by telling reporters he was against increasing U.S. imports of natural gas, Kreps's remarks provide the Japanese with the direction on which to continue focussing their efforts.

Here is part of Kreps's Nov. 15 press statement favoring U.S. participation in energy developing projects.

...But of all the areas that exist for expanding and strengthening the economic relationship between the

United States and the Soviet Union, the opportunities in which U.S. corporations have showed the most interest are joint projects for the development of the Soviet Union's vast natural gas and raw material resources.

The Soviet Union possesses large, and largely untapped, reserves not only of natural gas, but of copper, nickel, platinum group metals, timber and other resources. Development of these resources through joint ventures would benefit not just the United States and the Soviet Union but consumers of these products the world over. This is especially true with respect to natural gas....

The prospect of U.S. firms participating in the development of Soviet natural gas reserves is potentially attractive on several counts....

Regardless of which alternative developed, the effect would be to enlarge world supplies of energy, mitigate upward pressure on world prices, and reduce the

potential for the kind of political divisiveness to which competition for vital scarce commodities can lead....

The question of Government financing is important but not controlling. U.S. Government participation would facilitate agreements, and have favorable balance of payments effects, but Government financing is not a *sine qua non*.

Perhaps the single greatest obstacle to the consummation of cooperative energy development is, and has been, uncertainty. This uncertainty has not been over commercial viability, but over whether a venture, once assembled, would be approved by the U.S. Government....

I know that American businessmen would like to be able to put together joint ventures with the Soviet Union, apply for Government approval and be assured that the projects would be treated as any similar project with any other country might be treated. For various reasons, such approval may be too much to ask....

How The ExIm Bank Can Solve The Trade Crisis

Under the powers granted it by Congress, the Export-Import Bank of the United States is equipped to get the world out of the trade-depression that hit during the third quarter of this year. The Eximbank can intervene in world markets to channel the huge amounts of liquidity that are now being used for speculation and debt refinancing into productive trade and investment. With a couple of almost routine authorizations by Congress, the Eximbank could begin this job first thing Monday morning—if the Executive Branch of the federal government wants to.

At present the Eximbank plays a minor (but essential) role in American trade. It borrows funds from the federal government's Federal Financing Bank, and uses them to make direct loans or guarantee U.S. exports, at the present rate of about \$9 billion a year.

But this activity constitutes only a small portion of the scope of operation defined for the bank in the Export-Import Bank Act of 1945. The first paragraph of the bank's charter states:

"...the Bank is authorized and empowered to do a general banking business...; to receive deposits; to purchase, discount, rediscount, sell, and negotiate, with or without its endorsement or guaranty, and to guarantee notes, drafts, checks, bills of exchange, acceptances, including bankers' acceptances, cable transfers, and other evidences of indebtedness; and to guarantee, insure, coinsure, and reinsure against political and credit risks of loss; to purchase, sell, and guarantee securities ... to purchase and sell coin, bullion, and exchange; to borrow and to lend money...."

In other words, the Eximbank can legally perform every conceivable banking function. These powers have not been used, according to Eximbank legal staff, because they were designed for emergency circumstances. But a 10 percent dropoff of industrial countries' exports in a single quarter — a 40 percent annual rate — is an emergency by anyone's definition.

This particular institution is eminently well equipped to take on the causes of the trade collapse. The problem is not insufficient credit or liquidity in the international monetary system. On the contrary, the system is flooded with liquidity. However, the international banks who make up most trade and related financing are not lending for trade, but for refinancing of preexisting debts, and other speculative operations.

Statistics just released by the Bank for International Settlements show that bank lending to developing countries has *almost totally excluded trade*. During the second quarter of 1977, according to the BIS, nominal bank lending to the developing countries rose by \$13 billion. However, almost all of this money — \$12.7 billion — went back to the banks immediately in the form of deposits from the borrowing countries. The point of this paper-shuffling operation is Third World debt service, now at an annual rate of more than \$40 billion.

Since second-quarter lending normally finances third- and fourth-quarter trade, the result of the shutoff of *net* lending was the trade collapse during the third quarter. Despite the collapse of trade, however, the world supply of liquidity did not stop growing. One basic measure, the reserves of central banks, continued to grow at a 10 percent annual clip; another measure, the combined money supply of industrial countries, grew at a 9.7 percent annual rate as of August 1977.

More dollars in circulation backed by fewer goods in international trade means a weak dollar. This created the objective basis for the dollar's collapse, enabling British agent Treasury Secretary Blumenthal to start a round of dollar-dumping in late July. The main beneficiary of the dollar collapse was the City of London, which sucked in a stupendous \$17 billion of loose international funds this year. That sum is about equal to the absolute dropoff in international trade.

Preliminary indications are that the rate of lending to the developing sector during the third quarter dropped

even faster than in the second, indicating an even worse trade situation for the fourth quarter of 1977 and the first quarter of 1978. In large measure, this is due to London's conspiracy to undermine the dollar. If international funds are leaving the Eurodollar deposit pool, the big international lending banks will be less secure about going out on a limb with new international loans. Thus, the trade shrinkage and the collapse of the dollar have become a self-feeding spiral — mediated by the London monetarists.

How to Do It

To break out of this spiral, some major institutional force must wilfully intervene in the international credit markets, absorb the ill-used funds in circulation, and lend them for productive purposes. The most striking initiative working in this direction is a West German scheme to create a Eurodollar market center in Luxembourg, and use deposits concentrated there to finance international trade.

The Eximbank should do the same thing, under the authority granted it by Congress. It should immediately establish offices in Luxembourg (rather than in London, recognizing the preexisting efforts of the West Germans and others to transform Eurodollars into hard-commodity credits). Through its Luxembourg office, it should announce that it will take Eurodollar deposits on five-year term, at 2 percent less than the current rate for loans between Eurodollar banks, or slightly over 5 percent.

To attract deposits, the Eximbank should issue a statement saying essentially the following: "The Export-Import Bank of the United States has a policy commitment to force up levels of international trade by making loans to developing countries. It will cooperate with the export credit institutions of all other countries to bring the industrial might of the industrial sector together to make this policy work. Therefore, deposits made to the Eximbank are backed by the industrial potential of the United States, and indirectly its allies, and are the soundest investment available."

Within a week, the Eximbank should have a few tens of billions of dollars on its hands. Within a month, producers of steel, tractors, trucks, fertilizer, and nuclear power plants in the advanced sector will be gearing up production. The Eximbank's policy com-

mitment to expand trade will ensure a recovery of the U.S. dollar on the foreign exchange markets virtually overnight. To further consolidate the dollar's position, the Eximbank can, under law, begin gold operations of the type that U.S. Labor Party Chairman Lyndon H. LaRouche proposed for a private-sector international development bank. The Eximbank should begin purchases and sales of gold bullion, and offer to take deposits and make loans pegged to the gold price. This measure will further stabilize the dollar and enable the Eximbank to obtain funds at a far cheaper rate than current inflated market interest rates. More important, it will link the U.S. to current European proposals to conduct international credit transactions in gold.

The Real Charter

It might be objected, the Eximbank staff warn, that this new role might contravene the section of the charter that reads, "the Bank in the exercise of its functions should supplement and encourage, and not compete with, private capital." That stricture hardly applies to the current situation, when the commercial banks have virtually abandoned the business of financing trade to the developing countries. Indeed, the commercial banks are lobbying the Eximbank to rediscount their own trade credits. By increasing the overall volume of trade, the Eximbank will rapidly increase the opportunities for sound commercial banking.

Congress must clean up a few details in addition to this. First, it must pass a routine authorization for an increase in the Eximbank's lending ceiling. It must also repeal Sections 7(a) and 7(b) of the Eximbank Act, which put a limit of \$300 million on loans to the Soviet Union, among other restrictions. The Administration currently favors repeal of the anti-Soviet clauses of the legislation in any case, in the interest of expanding East-West trade. The rest can be done by the Eximbank itself, under 32-year-old legislative powers.

This proposal follows the letter and the spirit of the drafters of the Export-Import Bank Act of 1945, who stated: "It is the policy of the United States to foster expansion of exports of goods and related services, thereby contributing to the promotion and maintenance of high levels of employment and real income and to the increased development of the productive resources of the United States."

— David Goldman

Dollar And Pound Take Beating

The U.S. dollar tumbled to new record lows against the Japanese yen, West German mark, and Swiss franc on Tuesday Nov. 22 amid growing indications that a major downturn in world production and trade is underway.

According to a forecast released this week by the secretariat, of the Organization for Economic Cooperation

FOREIGN EXCHANGE

and Development the growth of real GNP in the 24 industrial countries belonging to the OECD could fall to an annual rate of only 3.0 percent by the second quarter of 1978. Economic growth in European countries alone is expected to reach a mere 2.5 percent rate, which will show up in actual industrial production declines and rising unemployment.

At the OECD working group meeting in Paris this week, Charles L. Schultze, the former Brookings Institution official now serving as Carter's chief economic advisor, harped on these latest OECD projections in an attempt to persuade West German and Japanese government officials to reflate. West Germany and Japan must act as the "locomotive," Schultze argued, which pulls the rest of the world economy out of its slump. West Germany's delegate to the OECD meeting, Hans Tietmeyer, however, was singularly unimpressed, dismissing Schultze's "locomotive theory" as "naive"; he was seconded by the Japanese. Schultze's approach is already so discredited that even a group of U.S. Treasury Department officials now say they agree with the West Germans and Japanese.

Pearl Harbor in Reverse

Much of the currency speculation this week continues to focus on the Japanese yen. According to the *New York Times*, a group of U.S. officials led by Richard Rivers, general counsel to Robert S. Strauss, President Carter's special trade representative, delivered a "confidential warning" to the Japanese government during a five-day visit ending Nov. 21 (see article page 6). In the wake of the Rivers trip, the yen reached a new post-war high in New York Nov. 22 of 240.6 yen to the dollar, compared to 292 yen at the beginning of this year. The Bank of Japan has been forced to intervene massively, buying \$100 to \$150 million on Nov. 21 alone. The deutschemark and Swiss franc also recorded post-war highs Nov. 22 hitting 2.2360 marks and 2.1950 francs to the dollar respectively.

Hot Air, Hot Money

The "easy money" policies of the U.S. Federal Re-

serve are of course a contributing factor to the dollar's fall. According to money market analysts, although the chairman Arthur Burns gave the impression when he testified before the Senate Banking Committee Nov. 9 that he was restricting monetary growth, this was camouflage for more heavy expansion. Burns' renewed money-printing undermines the dollar by adding to the supply of unwanted dollars circulating abroad — unwanted because the value and volume of world trade to be financed in dollars is falling off drastically.

Burns stated that the Fed's Open Market Committee had decided that the basic money supply, M-1, should increase at an annual rate of between 4 percent and 6½ percent (the previous Fed target which has been continually surpassed), and that the upper target limits for M-2 and M-3 should be reduced by one half of 1 percent. While most observers interpreted this to mean the Fed was "tightening," the experts point out that the new lower Fed targets are starting from a *higher* base level. The Fed's actual expansionary policies have resulted in a slight easing in the key Fed Funds rate, at which banks acquire short-term funds, giving a boost to U.S. stock and bond markets, but the dollar's erosion will make this a temporary respite at best.

Humpty Dumpty Begins the Fall

One of the few major currencies against which the dollar has *not* fallen this week is the pound sterling. The speculative inflow into the British stock and gilt (Treasury security) markets is beginning to turn into a panicky outflow as the rumors of an Arab oil-money switch from dollars into sterling are completely discredited and the fundamental weakness of the decrepit British economy becomes apparent to everyone.

According to foreign exchange traders, the Soviet Union and Arab investors have been dumping forward pounds on a large scale. Although the Bank of England managed to stabilize through intervention the spot pound rate at \$1.81 Nov. 22 (down from \$1.8224 Friday), the premium paid for forward pounds has shrunk to almost nothing. Furthermore, three-month Euro-sterling rates have jumped 1 percent, indicating heavy pressure against the currency.

The immediate cause of the new sterling crisis is the burgeoning money supply, which has forced short-term interest rates sharply upward. Bond dealers expect that the Bank of England will have to raise the Minimum Lending Rate 1 percent shortly. Since the run into British stocks and gilts was largely based on the expectation that short-term rates would continue falling, the rug has thus been pulled out from under the British "bubble." As of today, the Financial Times stock index had already dropped to 469, a 10 percent decline for the week.

Dollar Chaos Brings New Collapse Of Credit, Investment

The rapid fall of the U.S. dollar and the general turbulence on the international foreign exchange markets set off a round of credit, trade, and capital investment cuts which threatens a devastating new phase of the current depression.

While new loans to the Third World during the second

BANKING

and third quarters of 1977 fell dramatically enough (to \$2.2 billion — see Figure 1), the Bank for International Settlements reported this week that, when deposits of Third World countries in Euromarket banks are also taken into account, the *new* credit transfer to the Third World was a piddling \$0.3 billion during the second quarter. Simultaneously, the Union Bank of Switzerland announced that the western industrial nations are now *underspending* on capital investment relative to replacement needs at the annual rate of \$100 billion.

The dollar collapse — perhaps best described for posterity as the “Blumenthal Memorial Collapse” — began at the end of June, as funds fled Eurodollar bank deposits into the London stock market bubble, and into U.S. Treasury bills via massive intervention by Japan, West Germany, and Britain, who then built up Treasury

bill reserves. The London bubble took perhaps \$5 billion, and other central bank intervention perhaps another \$5-10 billion in the third quarter alone.

This produced a tightening of Eurodollar market banks' deposits at precisely the time those banks were looking nervously at the already massive amounts which the Third World had borrowed in the fourth quarter of 1976 through the first half of this year (see Figure 2). Countries such as Brazil and Mexico had up to \$7 billion a piece in combined debt principle and interest payments due this year — almost twice the amount due last year. Much of this could be rolled over, but a large part had to be refinanced.

It was the run out of the dollar deposits, according to several bankers, which caused the banks to cut lending drastically in the third quarter. As Figure 2 shows, the total combined Euromarket bank credits and long-term Euro- and international bond lending fell from a high of \$18.2 billion in the last quarter of 1976 to an average \$15.8 billion in the first two quarters of 1977, and then down to \$14.3 billion in the third quarter. Both non-oil exporting third World countries (LDCs) and industrial countries such as France and Sweden who had been financing their trade deficits took the brunt of the fall-off.

The uncertainty element in this affair should not be underestimated. It is impossible for lenders, or borrowers, to make competent business decisions under conditions when the values of currencies over a year

Figure 1

DOWNTURN IN BORROWING ON WORLD FINANCIAL MARKETS
(Including total borrowing, Eurocredits, and all foreign bonds)
In billions of U.S. dollars

COUNTRY TYPE	1976			1977							
	I	II	III	IV	I	II	III	IV*			
Industrial	23.6	21.3	31.5	9.0	7.3	7.1	8.0	9.1	8.6	6.9	4.9
Non-Oil LDCs	9.0	10.3	15.4	2.4	3.0	3.5	6.4	3.1	2.5	2.2	0.3
OPEC	1.1	2.9	4.0	0.5	1.0	1.0	1.5	1.6	2.0	2.5	0.5
TOTAL:	40.8	43.3	62.8	15.8	14.7	14.1	18.2	15.7	15.9	14.3	6.7

SOURCE: World Bank, Morgan Guaranty
* Based on October figures only.

Figure 2

Int'l Comparison of Investment Ratios: 1970-1977

Country	Investment Ratio in %			
	Average 1970-1974	1975	1976	1977 ²
Austria	28.1	26.7	26.0	26.5
Belgium	21.8	20.7	21.4	20.9
Fed. Rep. of Germany	24.9	20.8	20.8	21.1
France	23.8	23.3	23.1	22.7
Great Britain	19.1	19.9	19.0	17.9
Italy	20.9	20.8	20.3	20.2
Japan	34.9	30.8	29.9	32.3
Netherlands	24.0	21.3	19.8	20.6
Norway	39.2	35.4	36.3	34.9
Sweden	22.0	20.9	20.5	19.9
Switzerland	28.7	24.0	21.5	21.3
USA	18.8	15.6	17.1	18.4

¹ Percentage share of gross investment for plant and equipment in GNP
² Estimates

Source: Union Bank of Switzerland

period is totally unpredictable.

World trade similarly suffered from the chaos and uncertain payments problems (see trade article, page 1). In a situation where manufacturers and importers have no idea what their profits will look like if they have a given currency in which to pay or be paid in three months, many will decide not to trade, or will cut back on volume because of the cost of hedging foreign exchange fluctuations.

The \$300 Billion Capital Investment Shortfall

But, the consequence which will haunt the world economy for years to come is what the Union Bank of

Switzerland (UBS) described this week as a \$100 billion dollar per year shortfall in capital spending for 1975, 1976, and 1977 worldwide. Floating rates, as shown by a capital investment survey in the latest UBS *Business Facts and Figures* monthly, make investment decisions difficult if not impossible in many cases. The dollar problem is felt as a worldwide damper on investment since so much trade and payment takes place in dollars.

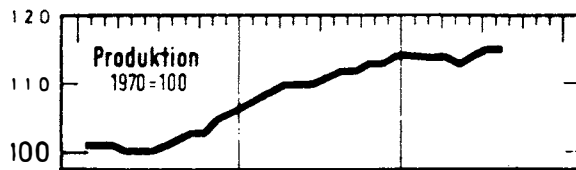
The countries which have suffered most from the floating rates are the stronger economies whose currencies have been wracked by the foreign exchange turmoil: the U.S., Japan, and Germany. Chase's *Business in Brief* reports that the U.S. actually had a capital investment shortfall of \$125 billion during 1975, 1976, and the first half of 1977, which 'is currently widening at a rate of close to \$1 billion a week.' Chase calculates the shortfall based on a recent U.S. Commerce Department study which indicates, taking into account the growing pressure on business to divert funds into antipollution and other nonproductive investment, that actual investment in real plant and equipment should average at least 12 percent of the Gross National Product each year. Based on actual investment figures, Chase comes up with the \$125 billion shortfall. Bankers Trust predicted last week that annual growth of real U.S. manufacturing investment in 1978 will fall from 6-7 percent this year to 2-4 percent.

As Figure 3 shows, the 1975-1977 annual rate of capital expenditure on plant and equipment in the Federal Republic of Germany, Japan, and Switzerland has fallen off even more. Although the U.S. 1970-1974 figures seem much lower in relation to the other countries than they are due to differences in statistical compilation, Figure 3 shows correctly that, among the major economies, West Germany, Japan, and Switzerland have historically had the highest standards of capital formation—and have taken the biggest fall in 1975-1977. While the investment ratio in the U.S. fell by 3.2 percent from 18.8 percent to

Figure 3

Industrial Production in the EEC

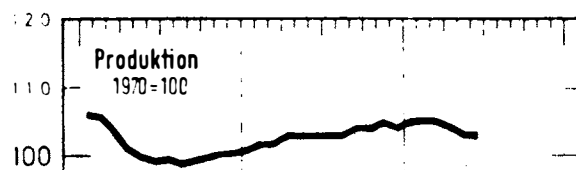
BR Deutschland (BRD)



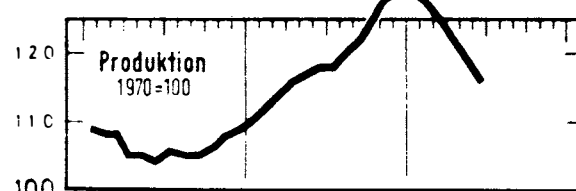
Frankreich (FRANCE)



Großbritannien (BRITAIN)



Italien (ITALY)



Source: Economic Institute, Munich

15.6 percent in 1975, and then revived, the German, Japanese, and Swiss ratios fell by 4.1 percent, 4.1 percent, and 4.7 percent respectively during 1975, and then remained stagnant or fell even further in 1976 and 1977.

UBS, in its latest *Business Facts and Figures*, minces no words in stating that the further cuts in German, Japanese, and Swiss exports being demanded by Blumenthal and Co. to "stabilize" the currency situation will further cut capital investment and thus trade: "A decline in earning power in the export sector due to exchange rates and uncertain exports prospects is likely to lead to reductions in inventories, declines in capital spending, and to a drop in the volume of imports."

Japan

In Japan, a public outcry is beginning over the effects of the collapse of the dollar-yen rate on Japanese exports and thus directly on prospects for capital investment. "Capital expenditures to Slow Down More due to Surge in Yen" was the headline of his week's *Japan Economic Journal*. Real capital investment in plant and equipment for the fiscal year April 1977 to March 1978 is now estimated to *decrease* absolutely by 0.9 percent by the government Economic Planning Agency's November survey. Previous estimates had been for a rise of 5.6 percent (estimated in July), of 4.6 percent (estimated in August), and 6.0 percent by the government as recently as Sept. 3 on the basis of its then newly announced deflation program.

Especially horrible is the new prediction that investment in the manufacturing sector (i.e., excluding services) will fall by a full 7.6 percent in the year to next March. Actual machinery orders in the quarter July-September 1977 have already fallen 5.7 percent from the previous quarter.

Europe

In Western Europe, the situation is no better. The year

of 1977 was a continuing disaster for investment, especially compared to the depression levels of 1975 and 1976. The West German IFO Economic Institute's European Economic Community composite business indexes for the third quarter of this year are headed back to their 1975 historical lows. The Business Climate Index, a preview of corporations' intentions to invest and expand operations, particularly shows the investment downturns; industrial production (Figure 3) is already feeling it.

In West Germany, the investment situation is totally politicized. The latest Dresdner Bank Economic Quarterly reports that fully 20 billion deutschemarks (\$9 billion) worth of planned investment in the energy and transportation sector has been blocked by court suits brought by the "Citizens' Initiatives," West Germany's environmentalists; *total* investment in West German manufacturing industry in all of 1976 is only DM 34 billion! As in Japan, previous government and economic thinktank estimates of real overall investment for 1977 and 1978 have recently been sharply revised downward. Overall capital investment is now put for 1977-78 in real terms at a mere 3-3.5 percent, compared to 5 percent in 1976. Broken down, industrial investment in new machinery in particular is set to fall from a real growth of 7 percent in 1976 to 3.5 percent in 1977 and 3.5 percent in 1978 — not even enough to make up the loss for 1975, as pointed out by the Union Bank of Switzerland.

In France, the same process is going on. Last summer's estimates of a 4 to 5 percent rise in real capital investments for 1977 and 1978 have been scaled down by the government to, first, a 1.4 percent rise for 1977, and then to a 0.6 percent for 1977. The government is still claiming that 1978 will see an "upturn" to a whopping 2.9 percent rise in real capital investment, but the OECD has just announced the figure will be more like 0.25 percent.

— Kathy Burdman

Nuclear Power Industry Faces Stagnation, Bankruptcy

Exclusive to the Executive Intelligence Review

The nuclear energy industry in the United States is being driven toward bankruptcy by a coordinated stalling campaign involving James Schlesinger's Department of Energy and the so-called environmental movement. These two elements, using every available legal and bureaucratic maneuver, are attempting to keep U.S. nuclear power construction projects in a state of prolonged stagnation, to bring the industry down under the weight of its own debt overhang, loss of investor confidence, and cost over-runs.

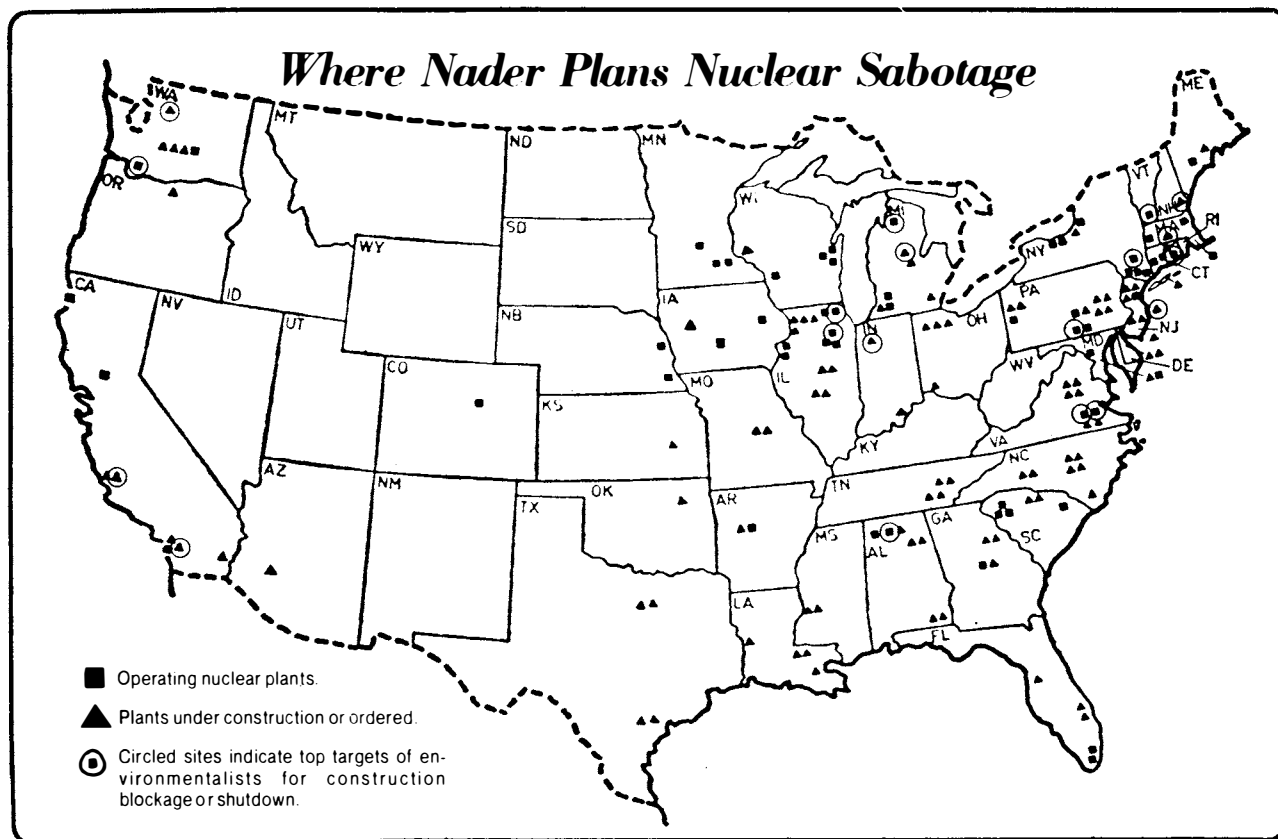
Industry Status

The level of the slump caused by this campaign is reflected in the growth figures for nuclear power development during 1977. Despite the fact that nuclear power stations must be rapidly brought on line to relieve the grossly overloaded U.S. electric power grid, only three new power plants have been licensed to operate this year, an even lower figure than the five plants put on line during 1976. The snail's pace of development shown by

these figures is brought into focus when compared to the fact that the four major nuclear power plant producers — Westinghouse, General Electric, Combustion Engineering and Babcock and Wilcox, are capable of producing 30

What's Happened To U.S. Nuclear Development?

The rate of attrition in U.S. nuclear power plant construction has soared since the early 1970s promises of the Nixon Administration to build 1,000 such plants by the end of the century. Under the Ford Administration, this figure dipped to only 500 projected nuclear power plants. Under self-proclaimed nuclear energy supporter James Schlesinger, the Carter Administration has slashed total projections to only 350 to 400 nuclear plants by the end of the century.



plants each year.

There is no sign that this stagnation will be reversed in the near future. Only four new orders have been placed this year, compared to 36 in 1973, and no commitments for future orders have been filed. Simultaneously, of the 156 nuclear projects on order or under construction, 23 have been deferred for an indefinite period, while four projects were cancelled completely this year.

Why Is This Happening?

Since the inauguration of the Carter Administration in January, the nuclear industry has been forced to respond to a constantly changing set of regulations and requirements on every "safety" and "environmental" issue that has been raised by environmentalists in the past 10 years, ranging from the "waste disposal problem" to fireproofing standards for electrical wiring, orchestrated by Schlesinger and his new Department of Energy.

While Schlesinger has loudly promised to set safety guidelines and streamline the licensing process, nothing concrete has materialized (a trick Schlesinger perfected while at the Rand Corporation and dubbed by him "calculated cheating"). The nuclear industry has been left off balance, waiting for these empty promises to come through.

Simultaneously, the Clinch River fast breeder reactor project and the Barnwell South Carolina nuclear fuel reprocessing facility have been stalled for the entire year through a debate over the threat of nuclear proliferation. This ongoing debate, and the recent symbolic veto of authorization for the Clinch River project, have wasted critical time and resources of the nuclear industry, as well as breaking the nuclear fuel cycle and forcing a crisis around an efficient operable waste disposal program where no serious problems existed before.

The nuclear industry is furthermore beginning to show signs of the economic strain, most clearly reflected by the General Electric Company, which has reportedly threatened to withdraw from the nuclear power business. At best, General Electric feels it will be forced to operate its nuclear operations at a loss until at least 1980.

The Atomic Industrial Forum, a group of over 600 organizations interested in nuclear energy development, lashed out at the on-again, off-again regulatory policies toward the nuclear industry, charging the Nuclear Regulatory Commission in particular with using a "policy by default" approach which has resulted in a "bias against the nuclear option."

There can be no doubt at this point that Energy Secretary Schlesinger, whatever his "pronuclear" billing, is out to sabotage nuclear energy development in the United States, in favor of the pastoral labor-intensive programs outlined last spring in "The Unfinished Agenda" consensus report of virtually every environmentalist group in the country.

What Next?

In store for the nuclear industry is a multilevel campaign of more legal and bureaucratic harassment, concentrated on the weakened economic position of the nuclear industry.

In coordination with Schlesinger, the environmentalists are fully activated on the local level to form coalitions against local utilities and "grassroots" anti-nuclear protest groups, neatly interfacing the Schlesinger "pronuclear" plan to shift full responsibility for nuclear plant financing onto local utilities.

Parallel financial attacks are coming in Washington. The Supreme Court has agreed to hear an environmentalist case against the Price-Anderson Act of 1957, which placed a \$560 million limit on liability insurance for nuclear power companies. The Union of Concerned Scientists, a zero-growth antitechnology group, has petitioned the Nuclear Regulatory Commission to close all 67 operating nuclear power stations until they can be determined completely safe — "guilty until proven innocent." And *Critical Mass*, a Nader-organized anti-nuclear lobbying and propaganda formation, is attempting to push a new bill through Congress which would shift all nuclear plant construction cost overruns onto the utilities, and cut all federal subsidies to the nuclear industry.

— Stuart Pettingell

Nader: 'Destroy Property... Before It Destroys You'

Last April 4 the Village Voice published an excerpted interview with Ralph Nader that included this:

What activists are trying to do is make a new law based on the settled Anglo-Saxon tradition of self-defense... That is, if someone tries to break into your house you can retaliate lawfully. In the case of a nuclear reactor, the self-defense is projective. But what are you going to do, wait until radioactivity is all over the place? Shouldn't you destroy property before it destroys you?

You know, if it hadn't been for those demonstrators, the war (Vietnam) would still be going on. The government was afraid of civil war... I'll make a prediction: If they don't close these reactors down, we'll have civil war within five years. There'll be a big accident, say, out West somewhere, and those conservative ranchers will find out their land and their cattle are worthless and they'll use their guns.

Organizing Under Way For Antinuclear 'May-June 1978'

The Mobilization for Survival, a new umbrella group for opponents of nuclear weapons and nuclear technology, is deploying its forces across the country to build a mass shocktroops against all nuclear technology development.

The Mobilization was formed last April, and is composed of over 40 anarchist, pacifist, environmentalist and terrorist groups. It is openly under the direction of the Institute for Policy Studies, the terrorist command and control center based in Washington, D.C.

The Mobilization is currently holding "teach-ins" on university campuses around the country in hopes of recruiting enough disillusioned students to realize plans for "May-June 1978" mass demonstrations worldwide, on the international May-June 1968 student riots.

A select listing of the mobilization's activities last week follows:

CALIFORNIA

A major Mobilization event took place at Stanford University, featuring quack biologist Barry Commoner, head of the Scientists' Institute for Public Information, a key environmentalist propaganda outlet at Washington University in St. Louis. Also on the program: Sam Lovejoy, an unstable hippy environmentalist, leader of the New England-based Clamshell Alliance and advocate of industrial sabotage, and Daniel Ellsberg, member of the London-based International Institute for Strategic Studies and one of the primary authors of the Pentagon Papers.

MASSACHUSETTS

The Massachusetts and Connecticut area is a focal point of the Mobilization. During the last two weeks a string of campus meetings have been held featuring Daniel Ellsberg, representatives of the Clamshell Alliance, and several veteran Fabian pacifists, including Sidney Lens. Additional talks have been given by Jim Cubie, chief lobbyist for New Directions.

PENNSYLVANIA

In Pittsburgh this past week the Mobilization held a major teach-in in conjunction with Project Pacesetter, the Schlesinger-sponsored experiment in "energy conservation" psychological conditioning.

ILLINOIS

The Mobilization held a conference at the University of Illinois featuring Margaret Mead, director of New Directions and renowned proponent of British cultural relativism, who calls for advanced cultures to return to "natural" primitive tribal life.

OKLAHOMA

Top terrorist controller Ramsey Clarke spoke at Oklahoma University against nuclear technology. Clarke plays a leading role in controlling international terrorism, with links into the Baader-Meinhof terrorist group in West Germany and most of the U.S. terrorist networks.

Milan Fusion Conference Hails Unlimited Energy Source

A full-page report heralding thermonuclear fusion power as the unlimited energy source of the future appeared in the Nov. 14 issue of the Paris weekly Le Point. Taken from an unsigned report of the Fusion Energy Foundation's conference in Milan, Italy, Nov. 7 to Nov. 9, the article quotes conference chairman Jon Gilbertson, a nuclear engineer and U.S. representative of the Fusion Energy Foundation, on the possibilities for the rapid development of fusion power. Here are excerpts:

Will thermonuclear energy, the hydrogen energy, replace nuclear energy sooner than expected? This is what an American specialist thinks.

There are two kinds of nuclear power — as the participants to the Milan Fusion Energy Foundation (FEF) conference last week stressed. To put it plainly: in the

"traditional" reactors one obtains energy — fission energy — by breaking the heavy atoms of uranium. It is the old atomic bomb process like that used at Hiroshima.

However, there is another nuclear power, that of the thermonuclear engines, which, on the contrary, consists in fusing light weight atoms. It is in that process — and one tends to forget it too often — that the nuclear advocates place their great hopes. Since fusion energy utilizes fuels that are derived from hydrogen and thus inexhaustible, the expectations are that fusion will be much less costly.

This is what the members of the Fusion Energy Foundation came to say, bringing a lot of good arguments to back their claims. Over the past two years, the progress made towards industrial fusion is such that the optimists now envision the construction of the first

experimental reactors during the next decade. Up to two years ago, there was a stalemate in research and nothing was expected before the year 2000.

Le Point reports the disclosures of Soviet scientist Leonid Rudakov to his American colleagues in 1976.

...One utilizes an electron beam to bombard a miniscule pellet containing deuterium and tritium, with a power equivalent to 40 tons of TNT.

Mr. Jon Gilbertson, one of the best qualified American representatives of the FEF, said that this is a great breakthrough, because the electron beam allows the reaction to be controlled while maintaining the necessary temperature.

The Advantages

... no radioactive waste, save a secondary heat action

of the neutrons, which can be controlled. There is also a much higher efficiency. In the coal or atomic plants, only 40 percent of the heat is transformed into electricity; the rest is lost in the atmosphere or in the cooling water (rivers), thus the so-called thermal pollution. With fusion, the charged particles, electrons and protons, are directly transformed into electricity. It is less expensive. The efficiency rate would reach 80 percent.

But the leap must be made from scientific experiment to industrial realization. "We are getting there," Jon Gilbertson said, "Soviets and Americans are working in the same direction. The Soviets have overtaken U.S. research, but if we get the credits, we will be ready in the next ten years."

PROD, TDU Plot Teamster Wrecking Operation

According to information from investigative reporters and sources in Washington, D.C., Wall Street has ordered its FBI and Justice Department operatives to unleash a new offensive against their most powerful opposition in the labor movement, the International Brotherhood of Teamsters (IBT).

ENEMIES OF LABOR

The offensive, slated to take place on three interrelated fronts, would involve a myriad of countergangs, congressional and Justice Department members and staff, as well as their "spear carriers" in the media. On one flank, the Ralph Nader-FBI controlled Professional Drivers (PROD) countergang would escalate their "muckraking corruption attack" on Teamster General President Frank Fitzsimmons, while working with press contacts and congressional staff to pressure for indictments of the union leadership. Second, the FBI-controlled Teamsters for a Democratic Union (TDU) grouplet would attempt to mount a "rank-and-file" assault on the Teamster leadership; the TDU has already been told they will receive "major press coverage" of their rank-and-file campaigns. Simultaneously, FBI conduits in the media will publish major exposé material which, one of the conspirators said, would "drive Fitzsimmons into hiding and out of office."

It is not yet possible to ascertain how much of the above scenario is bravura on the part of PROD and the TDU. Such information becomes a *credible* policy option, however, in light of some other facts. Most importantly, several Washington sources report that the recent speech by IBT President Frank Fitzsimmons in Dallas (reprinted by this newsservice four weeks ago) "scared people in the Justice Department shitless." Equally important, as the interviews below indicate, Fitzsimmons's naming of the names behind groups such as PROD and the TDU also created a panic in the networks "on the scene" responsible for carrying out attacks on the union. If the Fitzsimmons counterattack goes unanswered the FBI will have a great deal of trouble holding its networks "in place" and together.

Finally, the Fitzsimmons speech represented a dramatic break from the Teamsters's "defensive" profile. Its moralizing effect on the whole labor movement and within the union itself could not be missed by both Washington, D.C. and Wall Street.

But, the Teamster leadership has yet to take advantage of the openings created by the Dallas speech. As

some observers on Capitol Hill have pointed out, they have yet to make any kind of appeal to industry and the rest of the labor movement to rally behind a program of high-technology nuclear energy development even though the sentiment for such a program exists in the IBT membership. Instead, the most recent issue of the Teamster national magazine places labor law reform and passage of the Humphrey-Hawkins bill as the union's legislative priorities.

This failure to consolidate, observers say, leaves the Teamster leadership vulnerable to a new round of attacks.

Alternative Media Joins Teamster Witchhunt

The following is excerpted from an interview with Dan Marshall, labor editor of In These Times, a Chicago-based paper associated with Fabian intelligence networks. Marshall works closely with members of the Fund for Investigative Journalism (FIJ), and has covered Institute for Policy Studies wrecking operations in the mineworkers and steelworkers unions.

Recently Marshall published a story on the possible resignation of Teamster President Frank Fitzsimmons using information identical to an article by FIJ operative and former investigative editor of Overdrive Magazine, Jim Drinkhall, that appeared two weeks earlier in the Wall Street Journal.

As one member of the PROD staff said of Marshall, "he knows his way around this business"

Q: What was your reaction to Frank Fitzsimmons's speech in Dallas?

A: I've only heard about the speech. But what I have heard makes me believe that there is a direct connection between Fitz, the IBT leaders, and the U.S. Labor Party. In fact, I'm thinking about doing a story on the Labor Party-IBT relationship. The Labor Party is nothing but an intelligence organization for the police. Maybe they don't get their money from the CIA after all. Maybe it's the mob that funds them.

Q: What about the content of the speech, charging that PROD gets money from Wall Street foundations?

A: This is nothing so secretive. Both PROD and TDU do get a certain amount of money from progressive foundations. And they both pool their legal work through Joseph Rauh and 75 other lawyers throughout the country. But this is a matter of expenses not a "conspiracy." Boy, those Teamsters are paranoid!

Q: What do you think is the future of the reform

movements in the Teamsters in the coming few months?

A: There is going to be some sort of division of labor between PROD and TDU developing soon. I believe that PROD is going to be handling the Teamster corruption campaign much more strongly through the Percy committee (Sen. Charles Percy (R-Ill) heads the Government Operations Committee — ed.) and other congressional bodies. There will be selective legal actions plus PROD's hearing before the International Board on charges of Fitz's corruption. This should generate a series of scandals that will be picked up by the establishment press.

The TDU, on the other hand, will focus on rank and file movements, particularly in running opposition slates to get into the 1980 or 1978 convention. I have heard that the TDU is planning to file a lawsuit in federal court to have the elections for president of the union opened up referendum style. They hope to make this a big issue so they can run someone for president when Fitz resigns. You know TDU came very close to upsetting Bobby Holmes in Detroit last week. Bob Janedia got 42 percent of the vote against Holmes and lost by only 700 votes. If they can win one election I think it will have a chain reaction effect. Sort of like when (Ed) Sadlowski (former Director of District 31 of the USWA — ed.) defeated Sam Evett in the Steelworkers. One victory could go a long way in terms of publicity, if you know what I mean.

TDU Boasts "We'll Drive Fitz Into Hiding"

Below are excerpts from an interview with Ken Paff, the national director of the Teamsters for a Democratic Union (TDU).

Q: Have you heard Frank Fitzsimmons's speech that was given in Dallas a few weeks back, where he claimed that the TDU and PROD were funded by Wall Street to destroy the American labor movement?

A: I received a call about the speech from some of the members who said it was being shown in their union hall. His speech was a sign of weakness since he said he would never give us any publicity by mentioning our names. All this foundation crap is coming from an antiunion group that have enamored themselves with the Teamsters called the U.S. Labor Party. Prior to this speech, the Teamsters have been very cautious to openly identify with the USLP. But they are so frightened that they've jumped into bed with police provocateurs to stop us.

Q: How do you feel about his charge that you are trying

to do to the Teamsters what was done to the Mineworkers?

A: We're proud of what we've done to the Mineworkers Union. There has never been more democracy in one union since the early days of the CIO (Congress of Industrial organizations). That's nothing to be ashamed of.

Q: I have heard that the TDU is planning to file legal action to open the 1981 elections.

A: Where did you hear that? Whatever legal plans we have are still being worked out with our lawyers. Besides, we are talking about elections sooner than 1981. Fitz is going to resign, there is no doubt about it. A deal has been made that they will not indict him if he resigns.

Q: Not to doubt you or what you've just said, but I have heard that he is going to resign for years and after reading this Dallas speech it doesn't sound like a guy who's thrown the towel.

A: He has already made a deal. Take my word for it, ok?

Q: Ok, but where do you go from here. I understand you have some elections coming up that you think you can win?

A: No doubt about it. We came very close in Detroit where we almost beat Bobby Holmes, who is one of the big guns in the International. In fact, if you consider all the vote fraud that took place, I wouldn't be surprised if we won. Well, that's just a warning of what we can do. We are going to win big at Local 299 in Detroit. That's Fitz's home local, where Hoffa came from and Pete Cameratta is going to become the next Vice President of that local. They can't stop him. Dick Fitzsimmons quit the race because he knew that he couldn't win. And if Pete wins that race a lot of people are gonna know about the TDU. They've tried slander threats everything you can think of. They put out stuff by the Labor Party saying he was a drug pusher. But we will win.

Q: Any other places?

A: There are three races that are coming up in December that we expect to win. We are running Doug Alen for Executive Board of Local 208 in Los Angeles. We have a whole slate in Local 357 in Los Angeles as well. Our other good situation is in Pittsburgh at Local 341. But mark my words, Pete Camerrata has the potential to be another Ed Sadlowski. Keep your eyes on Local 299 next month.

Contract Negotiations 'Entering Critical Juncture'

Labor-management relations in the U.S. are now entering what one spokesman for the Department of Labor called an "important if not critical juncture." As Undersecretary of Labor Robert Brown pointed out in a recent speech in New York City, almost two million unionized workers face contract expirations between now and next fall, with next week's expiration of the Miners' contract the opening round.

LABOR NEWS

It is important to look at such contract negotiations and contract settlements as signposts to determine if the country is headed towards a major labor-industry confrontation. In addition, such developments indicate how much a "depression mentality" has set in on both sides of the bargaining table.

We present below reports on three key — and ominous — situations: the Mineworkers' negotiations; the Boeing settlement; and the New York Bricklayers' voluntary wage cut.

Undersecretary of Labor Outlines Contract Expirations In Next Six Months

In a speech to a Symposium on Labor-Management Relations in New York City Nov. 14, Undersecretary of Labor Robert Brown outlines the crucial conjuncture of contract expirations and negotiations which will occur over the next six months. Excerpts of the speech are reprinted below:

While I'd prefer not talking too much about the coal negotiations, we can talk a little about other matters on the collective bargaining agenda for this upcoming year. The major industries with contract expirations next year are: the railroads, which involve 500,000 workers; the East and Gulf Coast shipbuilding industry, which involves 49,000 workers; the construction industry, which involves 409,000 workers; the offshore maritime industry, which involves 34,000 workers; the West Coast longshore industry, which involves 11,000 workers; the U.S. Postal Service, which involves 600,000 workers; and the airlines, which involve 77,000 workers.

Beginning on March 30, the construction industry will face the first of a series of contract expirations. By that date, some 48,000 carpenters, plumbers, iron workers, bricklayers, operating engineers, laborers, and others will be seeking an agreement on a new contract. But, collective bargaining in the construction industry, even more so than other significant industries, is extremely complicated and decentralized. During the course of any one year, approximately 3,500 labor-management agreements come up for negotiation. Next year, some

two-thirds of the negotiations will be taking place in April, May and June. Since virtually all the construction craft unions are involved and since most bargaining takes place on a local level between the contractors and the individual crafts, simply keeping track of the progress of the negotiations is difficult.

Nor, do I have to tell you that both parties will be approaching collective bargaining with a wary eye on the economy. Industry will want to know whether plant capacity utilization will increase. They will also want to know whether housing starts will be up and whether there will be an increase in the growth of capital spending, signaling an assurance that the economy is expanding. Workers will also want the answers to these economic questions and are concerned about high rates of unemployment in their industry. Both sides will be entering negotiations with concerns that we all understand — concern for security and concern for money....

Will Coal Strike Lead To Confrontation And Violence?

The United Mine Workers (UMW) and the Bituminous Coal Operators Association (BCOA) are conducting countdown negotiations over the Thanksgiving weekend in a final attempt to avert a national coal strike. No one seems to think they will succeed. Spokesmen for UMW President Arnold Miller emphasized on Nov. 22 that the union was not optimistic about reaching a settlement without a strike.

The BCOA has adopted an inflexible position on two crucial issues: the refinancing of health and pension benefits funds and granting UMW locals the right to strike by majority vote over grievances and safety disputes. Both these issues directly involve the UMW leadership's ability to control wildcat strikes that have disrupted production and to insure continuous production schedules. The union health and pension funds are near bankruptcy due to lost employer contributions that resulted from recurring massive waves of wildcat strikes over the past two years. Some of these wildcats involved half the miners in the country. UMW officials maintain that the wildcat momentum would be defused if individual locals were allowed to strike by majority vote.

The BCOA is fully aware that the UMW cannot compromise on these issues without provoking further, uncontrollable wildcats, according to one influential mine owner. "Hard liners in the BCOA welcome a strike, they feel that the union is too weak to take a long strike," he continued.

The major bourgeois press, led by the provocateurs at the *Washington Post*, have been taunting the Mineworkers and misleading their readers with news analyses alleging that a coal strike is a matter of indifference to the nation's economy. One recent *Post* article began: "What if they gave a coal strike and nobody

cared?" Rubbing salt in the wound, the *Post* is justifying its misreporting with statistics indicating that the UMW today accounts for only 50 percent of national coal production and has therefore lost the economic clout it exercised under the leadership of John L. Lewis. Even *Business Week* magazine has protested such "black propaganda," pointing out in a recent issue that this was "dangerous and wishful" thinking and that a strike could be disastrous.

All signs point toward a long and bitter strike which will put the UMW into a very dangerous position. The phony "rank-and-file" groups known to be controlled by the Washington, D.C.-based Institute for Policy Studies (IPS) will do everything possible to prolong the strike until the UMW is split into competing factions. There are some indications that an attempt will be made to destroy the union by eliminating the national master contract in favor of regional settlements.

The "wild card" in the situation is the gaggle of disruptors linked to IPS and West Virginia Governor Jay Rockefeller. These covert intelligence operations have developed a demonstrated capability to rip the UMW apart with wave upon wave of strikes.

The IPS crowd has already succeeded through eight years of subversion in making the union what one observer terms an "ungovernable mess." Even if by some miracle a contract settlement were reached in time to avert the strike, the IPS wrecking operation makes it unlikely that it could be sold to UMW members; this, in turn, has become a factor encouraging the BCOA's hardline stance.

More significantly, IPS networks, especially in sections of West Virginia and Kentucky, are known to be planning "violent actions" regardless of whether a settlement is reached. This violence, which could include the blowing up of major rail links, according to one source, would have the cover of "labor violence"; already there are reports from some coal mining districts that pre-strike terrorism has been attempted.

While such company representatives may wish to delude themselves that such "violence" is an "unfortunate, but normal" part of the coal negotiating process, sources close to the intelligence community point out that it is the IPS networks, who control a worldwide army of terrorists, which will be responsible for instigating and coordinating violence as a tactic; any terrorist acts, such as the blowing up of rail lines, would be coordinated with IPS and its controllers, especially those in James Schlesinger's Department of Energy. It is also known that Schlesinger has a covert task force dealing with contingency plans involving violence and sabotage in coal strikes; this task force operates under the cover of the so-called Winter Energy Emergency Planning Group.

While under "normal circumstances" the current miners strike would pose no immediate threat to the economy, the circumstances are by no means normal and a prolonged strike — with IPS-instigated violence — may give Schlesinger the excuse he needs to declare an energy emergency and militarize the U.S. economy.

New York Bricklayers Take Depression Payouts

The New York Bricklayers Local 37, faced with mounting unemployment, have taken a 10 percent voluntary wage cut in a desperate attempt to gain new construction jobs. This move, reminiscent of the 1930s depression, is part of a dangerous national policy pursued by Robert Georgine, head of the AFL-CIO Building Trades Department. Several other locals have already accepted payouts. This trend, if unchecked by a prodevelopment policy shift, will lead to the destruction of skilled construction labor in the U.S.

Local 37 business agent James Tirico betrayed the "depression mentality" which has infected his members in an interview in the Nov. 17 *New York Times*. "What's the use of \$17 an hour if you're standing on the street corner?" he said. "It's not an easy thing, choosing between helping the entire membership or keeping just 10 percent or 15 percent working ... half a loaf is better than none."

The Building Trades, with contracts for over 400,000 workers due for renegotiation this spring, are faced with some painful decisions. They can cave in to depression-induced wage cuts or move to foster an industrial recovery based on the development of nuclear energy.

Boeing Workers Accept Depression Settlement

Last week, the International Association of Machinists (IAM) accepted a depression contract settlement from Boeing, the nation's leading aerospace company, ending a 45 day strike. The terms of the settlement included pay raises of 6.9 percent in the first year, and 3 percent per year over the next two years. The new contract was approved overwhelmingly by the union membership despite the fact that Boeing increased its original offer by less than 1.5 percent. The contract represents a decided retreat from the last major industrial union labor accord, the "hold our pact" signed last spring by the United Steelworkers; it falls far below the 30 percent over three years government average for "large unions" wage gains over the last year.

One source reported three weeks ago that the "industry grapevine" had it that Boeing was going to teach the IAM a lesson and make it crawl. The source said that Boeing's strategy was to force the union out on strike, thereby cutting off wages and benefit payments for several weeks, and then to give back part of the company's "savings" in the form of a slightly sweetened wage and benefit offer. From all indications that is exactly what Boeing did; according to preliminary calculations, the average Boeing worker will not make back the pay he lost during the 6-week strike in increases in wages and benefits.

At this point, it is too early to tell whether the Boeing strategy will be adopted by other industry sectors or even other aerospace companies; if it is, a period of

intense labor-industry confrontation will likely result.

Although the Boeing settlement was expected to set a pattern for the aerospace industry, the IAM is continuing to strike Lockheed. Negotiations were broken off today amid reports that Lockheed was resisting the terms of the Boeing settlement. The United Autoworkers Union, representing 60,000 workers, is also in negotiations with

the aerospace industry. The UAW has extended its old contract to avoid a strike.

Said one aerospace industry analyst, "It is about time that the companies figured out that in the long run they can't crush the unions and that forcing strikes will eventually hurt everybody...."

Carter Under Hoover Pressure As Fight Over Humphrey-Hawkins Begins

With reworked, Carter-endorsed legislation still not formally introduced into Congress, the forces behind the Humphrey-Hawkins Full Employment and Balanced Growth Act have begun their mobilization to get it passed by taking pot shots at their "ally" in the White House. An aide to a leading member of the Congressional Black Caucus told a reporter; "We are in for a knock down dragged out fight ... everyone knows that even if we get this watered down version of the bill through Congress, we will have scored an impressive victory ... we will in effect, be able to dictate policy to Carter and if he doesn't go along, then it's goodbye Jimmy ..." And while his allies try to box him in, Carter's enemies on Humphrey-Hawkins have begun firing away in the press and on the Hill at both him and his "economy-sized" version of the hated bill. "It's (the endorsement) a red flag to us conservatives," said one aide in the office of a leading Congressional opponent of the bill. "If Carter thinks he's fooled people with all his talk of private sector jobs creation and fighting inflation, well at least around here, he hasn't..."

We reprint below excerpts from an article appearing in the Nov. 23 *Baltimore Sun* announcing the first phase of mobilization. As was pointed out last week, the so-called Full Employment Action Council was totally unable to mobilize anybody for its Labor Day festivities on behalf of Humphrey Hawkins, with angry workers dubbing "the events, "pick and shovel week." It should be noted that despite the optimism expressed by Humphrey and others, many of the organizers of the abortive "full employment week" activities have expressed doubt that "people will be stirred."

"I'm beginning to think that the average American worker doesn't want a Humphrey-Hawkins bill — in any form" said one former full employment organizer.

"Mrs. King Predicts 'Serious Trouble' For Carter If He Slacks On Jobs Bill"

Washington — The widow of the Rev. Martin Luther King, Jr., warned President Carter yesterday he would be in "serious trouble" politically if he failed to pursue the goals of the Humphrey-Hawkins full-employment bill.

Coretta Scott King said at a press conference that the

controversial employment bill basically embodies the goals her husband outlined shortly before the civil rights leader was murdered nearly a decade ago...

She said the nation's civil rights movement has reached the point in its demands for full employment "where we can focus on a specific piece of legislation."

Mrs. King is co-chairman of the Full Employment Action Council, a coalition of civil rights, labor, church and liberal activist groups supporting the Humphrey-Hawkins bill.

The President, after nearly a year of trying to skirt the issue with black congressional leaders, has endorsed a compromise version of the legislation sponsored by Senator Hubert H. Humphrey (D-Minn.) and Representative Augustus F. Hawkins (D-Calif.) . . . the AFL-CIO was throwing its full political support behind the bill for passage in 1978.

Kenneth Young, associate legislative director for the AFL-CIO, said "the AFL-CIO has pledged its full resources to pass this bill." He said he was optimistic about its chances in Congress next year.

The action council, in the meantime, is expected to devote most of its resources to building grass roots support for the proposal.

— from the *Baltimore Sun*

Press Scorns Humphrey-Hawkins

Seattle Times, editorial "A Hollow Jobs Bill" November 21:

Watch the Humphrey-Hawkins bill sail through Congress, through President Carter's in and out baskets and into law — the new Humphrey Hawkins bill, that is.

In negotiations this month between administration officials and the bill's sponsors, a new compromise Humphrey-Hawkins bill was worked out ...

What was achieved? The *Wall Street Journal* probably provided the best answer when it observed 'that a utopian measure had been watered down to a nearly unworkable one.'...

The truth about the problem that Humphrey-Hawkins purports to solve was stated in a press conference this month, "There is no easy answer to the unemployment question."

That, of course does not mean that the government

should throw up its hands. It should attack unemployment in ways that encourage permanent jobs in the private sector in ways that do not burden the economy with increased taxation and inflation.

Neither the original nor the 'negotiated' version of the Humphrey-Hawkins will do those things...

Seattle Post Intelligencer, Editorial, "New Jobs Bill No Solution, Many Say" by Donald Rogers, economics editor, Hearst newspaper:

(Nobody is satisfied with the bill except) its sponsors in the Black Congressional Caucus and the highest echelons of labor.

...It is more political in nature than social or economic ... it frightens many business leaders.

...Humphrey-Hawkins will not solve unemployment ... no matter how high its goals because the only way to create durable jobs is through investments in the private sector. Such capital formation results in new or expanded plants, new equipment, new service industries and new jobs.

Humphrey-Hawkins Is A "Hook To Hang Programs On": (Humphrey Aide)

The following are comments of an aide to Sen. Hubert Humphrey (D-Minn), sponsor of the Humphrey-Hawkins Full Employment Act, on the bill:

Some people are saying that Hubert sold out, that he should have held out for a tougher bill. Hubert doesn't think so. He is the eternal optimist, but he is a doer and a political realist....we got as much as we could from the President . . . now we are going to have to get more from the Congress . . . Right after Carter made his support announcement last week, Hubert said, "This is great, just great. He is helping us to create the proper climate to finally get full employment legislation. He (Carter) has opened up the debate...?"

If you look at Humphrey-Hawkins the way we do, then you see it as some kind of hanger on which we hang a whole slew of policies. For example, you can't separate full employment from an urban policy.... we have this proposal for a big National Domestic Development Bank to fund both the public and private sector to get the communities of this nation rolling again. So Carter says, "We shall have a commitment to a full employment policy" and we say to his people and the whole nation, well we have this Domestic Development Bank. Wouldn't it be a good way to fund employment, especially in the urban centers?

Humphrey-Hawkins opens up all sorts of doors...It's our job to keep them open and walk through them, so to speak...

We think we have a real shot at getting our bill through....

Besides, it's Carter who is on the hot seat.... He has made a big promise and I suppose it is legitimate for some people to ask whether he really means it... if he is paying lip service and trying to buy some votes with half-hearted endorsement, I promise you he is going to be in

hot water... you can't afford to disappoint that many people...

Press To Carter Officials: But Are You Serious About H-H?

The following is excerpted from a Nov. 14 press briefing given by Labor Secretary Ray Marshall, Council of Economic Advisors head Charles Schultz, and Presidential Domestic Affairs Advisor Stuart Eizenstat:

Q: While it is true that this bill is marked by difference from the original bill, there doesn't seem to be a whole lot of difference from the compromise reached late last year. Why has it taken the President this long to endorse the concept basically that he endorsed?

Administration Official: I am not precisely familiar with the degree of endorsement last year. What I can say is unlike kind of the usual situation where you have a Congressional bill and the President endorses it in general, we did attempt in this case to work out and negotiate ... sentence by sentence and paragraph by paragraph, language that the President could endorse.

So this was not just a case of, well, fellows, make a few broad changes and we will endorse it. This was an attempt on the part of both sides, Administration and sponsors, to work out very specific language all the way through. It is an important bill and we felt that was necessary. That did take time.

Q: Could I ask a question? At least for this Administration, do I understand that you are now advocating these goals and it doesn't require an act of Congress to set goals and to set plans to achieve them? In other words, is the Administration, regardless of whether the Congress acts on it, prepared to go ahead with this blueprint?

Administration Official: This isn't a blueprint. This sets up a process and sets some goals, but the Administration clearly thinks that these are worthy and desirable goals and we would like to reach them. Yes.

Q: How vigorously will you work to reach them, and having this legislation enacted in the Congress? The President states in his last line of his statement that, "I look forward to working with the Congress to enact this legislation." How vigorously can we expect the Carter Administration to work?

Administration Official: I am not sure I can give you a quantitative answer, but I think explicitly when the President says that he looks forward to working with the Congress to get it enacted' that is exactly what he means.

The press conference was then promptly ended.

Public Service Jobs Centerpiece of Full Employment

The following is excerpted from a speech delivered Nov. 16 by Secretary of Labor Ray Marshall to the U. S. Conference of Mayors meeting in New Orleans. While Marshall continues to mouth rhetoric about his belief in "private sector jobs creation," few knowledgeable people — even in the Administration believe him. His contradictory remarks are therefore interesting because he

clearly identifies at one point that a public service jobs program is the "centerpiece" of any full employment program.

Said one Carter Administration official about the Secretary of Labor recently, "Ray is a bit daffy. He thinks that you can solve any problem by spending huge amounts of money to create public service jobs... at least at this point, there are plenty of people around here who think he is off the wall..."

Two subjects are on my mind these days. One is full employment and the other is energy. They may seem unrelated, but, in reality, they are closely intertwined. As you know, the President this week endorsed a new version of the Humphrey-Hawkins bill. This legislation underscores this Administration's commitment to full employment. We now have concrete benchmarks to measure our progress toward what I believe is the attainable goal of 4 percent unemployment in 1983.

Much of the responsibility for achieving full employment rests on the shoulders of those of us with the responsibility for running public service jobs programs. It is clear that this Administration believes that these

programs are the centerpiece of the Federal government's effort to reduce the unemployment rate to acceptable levels....

A major reason for lagging business is continued uncertainty over energy supplies and their cost. Until we can guarantee that American Business will have an assured supply of energy at a predictable cost, many firms will defer their spending plans until the situation clarifies. The result will be the creation of far fewer jobs than we need. I don't have to remind you what the natural gas shortages last winter did to the unemployment rate.

That is why those of us who are concerned about jobs programs have an important stake in the energy bill now being put together in the House-Senate conference committee. Unless Congress passes a bill that is compatible with the President's energy program, the doubt and uncertainty in the business community will continue. A solution to our energy and unemployment problems go hand-in-hand. A permanent reduction in unemployment depends on a healthy private sector. And without energy legislation, it will be difficult, if not impossible, to create the jobs that we need...

Gov't Documents Reveal UAW Source Of USLP Harassment

Documents released to the U.S. Labor Party under the Freedom of Information Act Nov. 17 have betrayed the guiding hand of United Auto Workers General Counsel Stephen Schlossberg in a campaign of sustained financial harassment against the USLP and its sister organizations since 1975. The documents, obtained from the Criminal division of the U.S. Justice Department, include a personal letter dated Sept. 4, 1977 from Schlossberg to then-Attorney General Edward Levi, enclosing a "confidential" memorandum proposing that the Federal Elections Commission launch an investigation of the USLP.

SPECIAL REPORT

The memorandum, excerpts of which are reprinted below, outlined the preliminary features of a concerted federal government "probe" into the finances of the U.S. Labor Party and the National Caucus of Labor Committees (NCLC) on the spurious grounds that the NCLC is a front for the Soviet Union and is "evolving into a terrorist gang." It then proposed systematic "local countervailing activity" against the regional offices of the U.S. Labor Party and volunteered to make UAW information available to the Federal Elections Commission (FEC) for purposes of profiling the resources and expenditures of the U.S. Labor Party. In the interest of pulling together a coordinated effort, the memo even

suggested the convening of a high-level meeting of "those most concerned."

In the period following this September 1975 proposal, the U.S. Labor Party has been subjected to intense financial harassment, which has cost hundreds of thousands of dollars in lost campaign contributions, credit, and legal fees alone.

The centerpiece of this campaign has been the continuing refusal of the FEC, under the direction of Chairman Thomas Harris, to award the USLP \$110,000 in primary matching funds for the 1976 presidential campaign of Lyndon H. LaRouche, Jr. Instead, the FEC has charged the Committee to Elect LaRouche with improper filing and subjected CTCL contributors and creditors to intimidation and harassment in its effort to find any possible loopholes in the USLP's finances or campaign activities. Financial records and USLP officials have been repeatedly tied up by the FEC in lengthy and costly legal procedures. Three FEC auditors spent three days in the USLP's New York headquarters last week scouring financial records for possible discrepancies. And USLP candidates in just-concluded local elections have been slapped with individual improper filing suits by the FEC (see box).

The UAW Network

The documents released to the Labor Party also show that a coherent network extends from the United Auto Workers and the AFL-CIO through the "social democratic" wing of the Democratic Party straight to the highest levels of the FEC. The Schlossberg memoran-

dum was reportedly drafted by Charles Baker of the Institute for American Democracy on behalf of Schlossberg and I.W. Abel, Jake Clayman, and Tom Kahn of the AFL-CIO's Industrial Union Department. The Institute for American Democracy is itself a joint venture involving the UAW, the Jewish Lobby's Anti-Defamation League, and the IUD. Schlossberg's pipeline into the FEC leads directly to Chairman Harris, who if former Associate General Counsel of the AFL-CIO, and FEC Commissioner Neil Stabler, a close associate of the UAW and former Chairman of the Michigan State Democratic Party.

Schlossberg is also personally handling one major front in the national campaign to bankrupt the USLP, the UAW's \$30-million trademark lawsuit against the NCLC and its newspaper, *New Solidarity*. To develop his case, Prosecutor Schlossberg has solicited the assistance of FBI informant and former NCLC member, Gregory Rose, in surreptitiously obtaining highly confidential and privileged information on the party's defense.

The NCLC has brought Schlossberg's unethical behavior to the attention of the District of Columbia Bar Association by filing a formal complaint (see excerpts). Schlossberg has made every effort to deflect the D.C. Association's request that he respond to the charges by denying the authority of the Washington Bar to investigate him when similar charges are up for consideration by a Federal Court of New York magistrate.

... from the Justice Dept's NCLC File

The following documents were released last week to the U.S. Labor Party by the Criminal Division of the Justice Department, pursuant to a Freedom of Information Act request.

MEMORANDUM

Date: September 23, 1975

To: Director
Federal Bureau of Investigation

From: Richard L. Thornburgh
Assistant Attorney General
Criminal Division

Subject: *National Caucus of Labor Committees*

There are attached hereto, for your information, copies of a letter to the Attorney General from (deleted) information he transmitted concerning the National Caucus of Labor Committees.

* * *
CONFIDENTIAL

September 4, 1975

Edward H. Levi
Attorney General
10th and Const. Ave., N.W.
Room 5111
Washington, D.C. 20530

Re: National Caucus
of Labor Committees

Dear General,

As you know, I have a continuing interest in the above organization. I am enclosing relevant information for you and for referral to the appropriate person in the Justice Department.

Thank you for your interest.

Kind regards,

Sincerely,
(Deleted)

* * *
CONFIDENTIAL

To: (deleted)
From: (deleted)
Re: *National Caucus of Labor Committees*

The NCLC is entering a new, and my judgement, dangerous phase of its development. While the efforts to penetrate the trade union movement are continuing, apparently with only slight success, and its U.S. Labor Party candidates are campaigning for local, state and national office, the central thrust of the operation is changing.

The NCLC is preparing for "Operation Counter Punch" directed primarily at the Maoist Revolutionary Union, and to a lesser extent the October League, Progressive Labor Party and Weather Underground, all with strong Maoist ties...

The NCLC is now openly promoting the positions of the Soviet Union.

Much of the space in its twice-weekly newspaper *New Solidarity* is devoted to propagandizing the Russian positions on the Mideast, Indira Gandhi, Portugal, etc. ...

Since the Maoists have been more successful than the Soviets in attracting young U.S. radicals, the NCLC may simply be the best resource at hand to counter the Moaist influence. While I cannot visualize a force as sophisticated as the KGB taking the NCLC positions seriously, the KGB must be aware of its potential for violence and assassination. Conceivably it is directing some money into the operation. Clearly NCLC founder

Lyndon LaRouche's trip to Iraq this spring was an attempt to secure funding...

The NCLC is experiencing serious economic difficulties...

There appear to be two reasons for these problems. One is that the NCLC is encountering substantial legal obligations as a result of many arrests of its members and various other legal actions including the law suit filed by the UAW. Secondly, anticipated growth has not occurred...

The NCLC must be watched closely to see whether it becomes an overtly terrorist organization. I am personally uncomfortable about the incredible charges hurled against Nelson Rockefeller and, to a lesser extent, Leonard Woodcock and George Meany. All three are pictured as prime movers of conspiracy to control the world and, incidentally, maim and rape NCLC Members...

If as I expect, the NCLC's financial troubles increase, it has the potential for resorting to bank robberies, etc., as has the Symbionese Liberation Army, but there is no evidence that it has done so.

A number of strategically-placed NCLC watchers share my concern over its potential for evolving into a terrorist gang. If it does, it will be following the same path used by Students for a Democratic Society in spawning the Weatherman Faction. However, at the peak of their terrorist activity, the Weatherman probably had no more than 75 hard core members.

If — a big if — If the NCLC does evolve into an armed, terrorist group, it will be substantially larger than the

Weathermen and the leadership considerably more resourceful.

The Anti-Defamation League has produced a fact sheet on the NCLC, paralleling the HOMEFRONT report of April, '75, but is not carrying out an in-depth observation.

While parents of NCLC members do trade information, and an organization of parents is possible, they do not appear likely to sustain a serious monitoring operation.

There are a number of questions which need answering:

The material is at hand for an in-depth report, but should it be such that it can be shared with the news media and others in a position to do something about this phenomenon?

Should my monitoring continue?

Should we promote more local countervailing activity? (It is my judgment that frustrating local efforts helps burn off the energies of both the members and the organization and thus helps reduce its potential.)

(deleted) should we make our information available to that body and seek its involvement, perfectly legitimate, in tracing the unreported resources of the U.S. Labor Party and the unreported expenditures made on behalf of its state and national candidates?

(Deleted)

In short, I think a meeting of those most concerned with this phenomenon to review what is known and to decide what should be done about it would be most helpful, and it seems to me that a good time for such a meeting is NOW.

FEC Plays Nasty Games With USLP Candidates

Federal Elections Commission Chairman Thomas Harris and his associates are launching legal actions against a number of Labor Party candidates.

Last week, the FEC filed a civil suit in U.S. District Court in Baltimore against William Salisbury, a party congressional candidate in 1976. The Commission claims that Salisbury failed to file a report required by the FEC, and it now demands he be fined \$5,000. However, in earlier correspondence, the FEC accepted Salisbury's statement that the report had been filed and agreed that if he would file a second copy, it would drop the matter. Is it possible Commissioner Harris has not informed his underlings of his own intentions towards the Labor Party?

Two other actions would seem to indicate this

may be the case. The FEC also recently filed suit against Anthony Curry, who ran for Congress in 1976 in Cleveland. Again, Commission employees agreed to accept a refiling of the campaign report they claimed to be missing. Now the FEC wants Curry to sign a consent decree admitting "guilt" and to pay \$100 in fines.

Enforcement proceedings are also being threatened against U.S. Labor Party 1976 Vice Presidential candidate Wayne Evans. The Evans case follows exactly the same pattern: the Commission has apparently voted to disregard the agreement made by its attorneys and insist Evans sign a consent decree and pay \$100.

Both Curry and Evans have rejected the FEC's proposed "settlement" of their cases, noting that the FEC has *never* fined any candidate who agreed to cooperate with their reporting procedures.

Hamburg SPD Congress Compromises, But Continues Nuclear Energy Drive

The 1977 West German Social Democratic party (SPD) congress in Hamburg, West Germany, passed a major compromise resolution on energy Nov. 17 giving priority to the country's abundant coal deposits, but at the same time allowing Chancellor Helmut Schmidt a free hand in implementing his program for expanded nuclear energy development.

WEST GERMANY

The compromise, which was passed after a day-long debate, formally linked nuclear power plant construction and the resumption of construction at the nuclear power sites currently closed by environmentalist court suits, to approval of temporary and permanent nuclear fuel waste dumps. However, the resolution allows nuclear plant construction without prior approval for the waste dumps in "special cases," giving Chancellor Schmidt a clause elastic enough for his energy program of 30,000 new megawatts of energy, mostly nuclear energy, in the next decade.

On Nov. 21, the Schmidt government showed that it will fully exploit the opportunities provided by implementing this compromise when the official Nuclear Research Office in Karlsruhe approved one temporary waste dump at Arhaus, near the Dutch border, and indicated that other waste dump approvals were on the way.

The compromise resolution itself was carefully designed to avoid a split at the Congress between the pronuclear energy working-class base of the SPD, and its environmentalist left wing, which is protected by SPD chairman Willy Brandt, the City of London financiers' top agent-of-influence in West Germany.

The original environmentalist strategy for the congress was to provoke a split by having a resolution for a moratorium on nuclear construction — previously passed by the Brandt-dominated SPD executive committee — presented to the congress. However on Nov. 10, approximately 70,000 SPD trade union members from the Mine and Energy, Metalworkers, Chemical, and Public Service unions demonstrated in the city of Dortmund for nuclear energy and against environmentalism, destroying the SPD environmentalists' claim that environmentalism represented the ideas of the party majority.

By Nov. 13, both Schmidt and SPD parliamentary faction leader Herbert Wehner convened an extraordinary party commission to rewrite the original committee resolution for a moratorium, an unprecedented change in party rules. The commission, which included both environmentalists like Erhard Eppler, and officials from the Mine and Energy Union, worked out the energy

compromise that replaced the call for a moratorium on nuclear construction.

The uneasy truce between the party base and the left wing around Brandt also held in the keynote addresses given by Brandt, Schmidt and Wehner on Nov. 16. Although the congress delegates held their breath as Brandt began to speak, wondering if he would openly attack the Chancellor over the energy compromise, Brandt instead promised that "the party will not tolerate attempts to paralyze the Chancellor. I will defend the Chancellor's ability to act." In turn, Schmidt did not attack the left wing at all, and instead defended it from "German McCarthyism," before he detailed his reasons for supporting nuclear energy. "Being competitive in the world markets is key for the Federal Republic," Schmidt said. "This means the highest technologies, and because of our high wages, we have no choice but to offer the best technologies... without nuclear energy, the Federal Republic is out of business."

Wehner devoted his entire speech to an attack on the 16 left SPD parliamentarians who voted against a bill that would limit information networks between terrorists and their lawyers. He warned the SPD that such actions could cost them control of the government, and topple Chancellor Schmidt.

Once the energy compromise was passed, the left SPD went through the motions of accepting the will of the party majority. Eppler even tried to defend it in front of zealous ecologists, saying: "There was a strong tendency towards fission, but we were successful in keeping the opposite option open. At least fission power plant construction will be slower with this."

But on the same day that the left wing was allegedly accepting the compromise, Ralf Dahrendorf, the Director of the London School of Economics and a leader of West Germany's tiny Free Democratic Party, outlined in the weekly *Die Zeit* the British plan to attack the SPD and the opposition Christian Democrats with an avowedly fascist fourth party on the right, and an equally fascist radical-environmentalist "green" fifth party on the "left."

Dahrendorf correctly reported on the pronuclear sentiment at the congress: "If Jimmy Carter had gone to the SPD Hamburg congress as a guest... he would have been considered a left-wing man." Dahrendorf went on to attack the consensus for progress and nuclear energy in the SPD, Free Democrats, and opposition Christian Democrats (CDU): "the consensus is a timebomb in effect because the political establishment lacks new ideas... other parties will emerge, the fourth may emerge... this option may go in the wrong direction and destroy the postwar Christian parties... A fifth party also exists, which is made up of all those who form around the issues of justice and injustice. This is only the tip of the iceberg."

On Nov. 18, the last day of the congress, the whole compromise package began to disintegrate during the elections to the new party executive committee. The compromise between Schmidt, Wehner and the left wing around Brandt had been that Wehner would get the most votes, Brandt would closely follow him and Schmidt would trail Brandt, but would still get above the 400 vote level. The left tried to extract its revenge by giving Wehner 414 votes, Brandt 413, and only 395 votes to Schmidt.

This attempt by the left to begin the attack on the SPD that Dahrendorf predicted created its own backlash. According to the daily *Süddeutsche Zeitung* Nov. 19, the SPD working class base viewed the low vote for Schmidt "as an act of war." Brandt was subjected to so much party pressure as a result of the insult to Schmidt that he

tried to trivialize it by calling it an "unforeseen error."

The executive committee vote also convinced Chancellor Schmidt's political opponents in the CDU, which recently officially gave full party support to nuclear energy, that the only way to keep the government's nuclear program protected from similar left SPD sabotage is to increase the pressure on Schmidt. Gerhard Stoltenberg, the CDU governor of the state of Schleswig-Holstein and a spokesman for the CDU industrialists faction, was interviewed in Schmidt's hometown paper, the *Bergedorfer Zeitung*, on Nov. 21. Stoltenberg said that the Hamburg compromises "were all fine in public but we will not fool ourselves over that congress. There were only thin bridges built over otherwise sharp internal controversies, and we can foresee hard fights in Bonn on the issues."

French Industry Budget Calls For Expansion Of Atomic Power Capacity

The French National Assembly last week voted up a 1978 budget for French state industry which contains provisions for the establishment of a system of nuclear power stations throughout the country, the target of which is 40 gigawatts (40 billion watts) of nuclear elec-

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tricity-generation capacity by 1985. This program is by far the most ambitious in Western Europe to date, and complements the French commitment to develop the fast-breeder reactor, and fusion power in the long term, to meet increasing energy needs.

In presenting the budget, Minister of Industry René Monory promised the National Assembly that the construction of nuclear plants would not be limited to the Rhône Valley in France's southeast, where these plants are now concentrated. Instead, construction plans would include at least three plants in the Paris region, to cope with the increasing needs of the nation's capital, and

more facilities in the Loire Valley and Brittany region. This is precisely the program long put forward by the state-controlled electricity company, Electricité de France (EDF), which is already actively looking for sites around Paris for the three plants.

Monory emphasized the safety of the program, stating, "The question of the recuperation of radioactive waste has been solved. There is no investment in the world in energy safety as important as what we have made for nuclear power. We have acquired an almost perfect and total mastery" of the technologies required.

The Minister of Industry added that his government has given priority to the development of fast-breeder nuclear plants, which can reduce growing dependency on limited uranium supplies by using plutonium as fuel. The government's decision to give the Atomic Energy Commission (CEA) 34 percent control (a blocking minority) of the newly created company Novatome confirmed this. Novatome's sole responsibility will be the construction of the huge fast-breeder plant known as the Super-Phenix, and the future commercialization of the breeder.

Yugoslav Gov't Shakeup Linked To New IMF Demands

The months-long absence from public view of the wife of Yugoslav President Josip Broz Tito has occurred in the midst of an intense factional struggle over a new round of economic decentralization measures demanded by the International Monetary Fund and like-minded capitalist investors in Yugoslavia. Reports from Yugoslavia persist, despite official denials characterizing them as "immoral and improper," that the factional activities of Jovanka Broz were serious enough to warrant her house detention and an official investigation.

YUGOSLAVIA

Yugoslav sources have confirmed that Jovanka Broz's absence is tied to the dismissal or transfer within the last year of Serbian military and other officials — notably General Djoko Jovanic, who have a history of opposing decentralization.

Yugoslavia has a debt repayment schedule that the IMF, the City of London and Wall Street want to enforce. This year, the Yugoslav leadership acceded to the monetarists' demands with new measures of economic liberalization. A law was passed to facilitate Western bank operations in Yugoslavia, and legislation has been drafted to further decentralize the Yugoslav banking apparatus.

The Yugoslav press is also singing the IMF's tune. The Zagreb daily *Vjesnik* recently proclaimed that the IMF and the World Bank belong at the core of a new world economic order — this, after an earlier statement that the role of gold in international financing "will have to be reduced."

The City of London's press, meanwhile, are claiming that the "Jovanka affair" signals a crisis of leadership which is bound to erupt as soon as the 85-year-old Tito dies. London's agents are seeking total Yugoslav cooptation into NATO and the European Economic Community (EEC). The London *Economist* recently wrote that negotiations between Yugoslavia and the European Economic Community should conclude with Belgrade's formal membership in the organization. British Chancellor of the Exchequer Denis Healey and the EEC Commissioner Roy Jenkins, who are trying to recruit Spain and Portugal to the EEC, see Yugoslavia's membership as the perfect follow-up.

To increase Yugoslav involvement with NATO, U.S. Secretary of Defense Harold Brown last month concluded arms sale agreements with Yugoslavia on a scale

much larger than previous U.S. sales. The U.S. aims to replace the USSR as the top foreign supplier of arms to Yugoslavia, which currently produces 80 percent of its own military hardware. New arrangements have also been worked out for training Yugoslav officers in Britain.

Against Decentralization

The opposition of the purged Serbs to the latest government concessions conforms to their past policy orientation. General Jovanic, on whose behalf Jovanka Broz allegedly interceded, was central to forcing the 1971-72 purge, which ousted Croatian party officials Savka Dapcevic and Mika Tripalo on charges of Croatian chauvinism and liberalism. (See accompanying article).

Over the years "Croatian chauvinists" have claimed that because Croatia is the source of more tourist and trade income, it should receive a bigger portion of investments — a demand for decentralization which challenges a coherent national policy of resource allocation. Serbian officials lobbying against these Croatian provincial demands, therefore, have often been the strongest advocates of centralized planning and administration.

The Yugoslav army has favored a centralized economy and government, on the grounds that defense of Yugoslavia would be impossible if the armed forces were decentralized.

These factors have led individuals such as the Serb Aleksandar Rankovic, the security chief purged in 1966, to historically oppose decentralization. Likewise, Jovanic and his associates are of a similar background.

Jovanic was suddenly and unceremoniously retired at the end of 1976 when he was reportedly seeking to replace Nikola Ljubicic as Defense Minister, with assistance from Jovanka Broz, who fought in Jovanic's World War II partisan brigade. Other Serbs associated with Jovanic and transferred in recent months include Tito's chief of staff Milos Sumonija; four Serbian generals have lost their jobs.

The Fight Continues

With Jovanic and his associates cleared away, the City of London and Wall Street have a stronger hand to leverage debt repayment as scheduled, as well as the enforcement of the required austerity and decentralization. And they have longstanding agents through whom to apply the pressure: the Belgrade Institute of International Politics and Economics which is a so-called corporate member of Britain's International Institute for Strategic Studies. The British-trained former director of the Institute, Leo Mates, and others have had a big hand in inculcating younger League of Communist members with a corrupt, social-democratic ideology.

But, at a just-concluded Belgrade session of the Yugoslavia-EEC Mixed Commission, the Yugoslav delegation warned that imminent new protectionist measures by the EEC, when Yugoslavia is already marking sharp deficits vis-a-vis these trading partners, will force the government to import from a sector where a better balance of trade exists — the Soviet bloc.

However, Jenkins and Healey are not the only wing of the EEC reaching into Yugoslavia. Yugoslav ties to the EEC were high on the agenda of Tito's October talks in France, where he was accompanied by a large delegation of trade officials and others. The two countries established a working group to collaborate in the field of nuclear energy.

Yugoslavia's 1971 Crisis Of Decentralization

In the fall of 1971, a group of Serbian generals reportedly threatened Yugoslav President Josip Broz Tito with a military coup.

The crisis that forced these generals to bring the country to the brink of civil war began nearly two years before, at the Croatian Central Committee's 10th Session in January 1970. That session saw the emergence of "Croatian Communism," a movement for Croatian autonomy which would mean the decentralization of political and economic authority in the country.

The opponents of the "Croatian Communists" were the predominantly Serbian "unitarists," including certain levels of the army and federal government who traditionally favored a centralized Yugoslavian state. The "unitarists" and their allies were attacked by the Croats as the "principal threat to democratic socialism and the Yugoslav self-managing way."

Western analyses usually treat these factional battles as ethnic squabbles, an epiphenomenon of the "Balkan character." This ignores the crucial political-economic aspect of the fight: the economic and political demands of the Croatian "reformers" for decentralization coincided with the International Monetary Fund-World Bank's insistence that the country dismantle the remnants of socialized planning and force down the standard of living of the population.

Attributing these factional battles to national jealousies, likewise obscures the reality that many of the ethnic movements in Yugoslavia have been thoroughly infiltrated and controlled by Anglo-American intelligence networks since World War I.

At the beginning of the 1970s, Yugoslavia's economic picture was grim, with exports stagnating while imports and inflation increased exponentially, despite the enactment of a formal price freeze. The Croatian triumvirate of Savka Dabcevic-Kucar, Mika Tripolo, and Pero Pirker constituted itself in 1969 with the endorsement of Vladimir Bakaric, a member of Yugoslavia's collective presidency. At the 10th session of the central committee, the Croatian leaders proposed to reform banking, foreign trade, and the foreign currency systems to harmonize with IMF demands that the federal government had already declared unacceptable. The Yugoslav dinar was devalued in January and again in December of 1971 by 18.8 percent and 18.7 percent, but this failed to improve the economy, instead, fueling social unrest.

A key base of regional insurrection was *Matica Hrvatska*, a "cultural" organization credited with aggressive awakening "Croatian nationalist consciousness."

The concepts of Croatian nationalism were largely

developed by Vladimir Bakaric and his proteges. In the years immediately following the 1948 Tito-Stalin split, Bakaric fought to dismantle Yugoslavia's collectivized agriculture. He and his associates hoped that a new "liberal Croatia" could set an example for the rest of the country of successful "modern democratic socialism." (Later Bakaric condemned the overtly chauvinist activities of the Croatian leaders.) The significance of the Croats' demands was not lost to British intelligence. The MI-6-linked Royal Institute of International Affairs (RIIA) sponsored a recent book, *The Yugoslav Experiment 1948-1974*, by D. Rusinow that notes:

"What was new in the strategy was that the effort to reform the system at the federal level was temporarily given up: modern socialism could be built in one republic."

In an attempt to pacify the Croatian malcontents, the federal government adopted a new constitution in June 1971 that provided for far-reaching decentralization of legislative and executive power. The reforms marked the first official appearance of the Basic Organization of Associated Labor (BOALs), and other instruments of continued decentralization of Yugoslav society. Other reforms were: an increase in the number of government representatives from each region; the reduction of the powers of the federation; changes in the banking and the foreign currency systems.

These constitutional reforms however did not satisfy the insurgents and the Croatian nationalist manifestations escalated. The crisis which originated in Croatia developed into a crisis of the whole Yugoslav system.

The nationalists continued to demand "liberal" reforms whose goal was full political and economic autonomy of the Croatian republic. During this "national euphoria" numerous nationalist excesses were recorded; including the murder of the Yugoslav Ambassador in Stockholm in April, 1971 by two young Croat immigrant workers connected to the Utashi terrorist movement.

In September 1971 the Soviets intervened. For the first time in five years, the Warsaw Pact military-forces conducted maneuvers in the Balkans, in Czechoslovakia, and in Bulgaria, precipitating a strong reaction from the Croats. Brezhnev visited Belgrade that month to meet with Tito for what was termed a significant "improvement" in the Yugoslav-Soviet relations.

On September 29, Ivan Miskovic, a Serbian who favored central government, was appointed Tito's personal security advisor. (He was subsequently purged in 1973.)

The Croatian nationalist agitation of the summer reached dangerous proportions by the fall. The November 1971 Zagreb student strike, ostensibly over foreign currency, was a replay of the student demonstrations organized by British intelligence-related groups in the West in 1968.

The Soviets were not the only ones who were anxious about the increasing chaos. The Serbian-dominated Yugoslav Peoples Army, fearing that the country was on the verge of civil war, ominously conducted military exercises in Croatia. On November 30, 1971, the Serbian Generals called Tito to Karadjordjevo — the army-controlled hunting grounds outside Belgrade — and gave him the choice of purging the Croatian nationalists in the Party leadership or face a military coup. General Djoko Jovanic was one of the leaders of this move. This meeting became officially known as the 21st Session of the Yugoslav League of Communists (LCY).

Directly from Karadjordjevo, Tito proceeded to Zabreb and accused the Croatian inner leadership of Dabcevic-Kucar, Tripalo, and Pirker of "vacillation and deviationism in its ideological and political approach to nationalism." On Dec. 12, these three resigned all their party and government positions.

A new party leadership was elected: Milka Planinc as President and Josip Vrhovec as Secretary of the Croatian central committee. Shortly afterward, Tito gave a speech stressing the role of the armed forces in defending Yugoslavia's independence, integrity, and the achievements of the revolution. On Dec. 22, the 30th anniversary of the founding of the Yugoslav Peoples Army,

he said: "If the question is one of to be or not to be, then we shall defend our achievements — and here is our army. This should be known."

The purges of the Croatian nationalists gained momentum during early 1972 and several hundred government officials resigned or retired. Similar events were witnessed in the other Republics, the regional chauvinist officials being expelled from the Party or forced to retire. The LCY's apparatus was entirely cleansed of chauvinist liberals.

In the economic sphere, the pendulum began to swing back from decentralization. A new strong Party line emerged at the Party's Second Conference Jan. 25, 1972 with Tito's affirmation of the process of recentralization:

"The Yugoslav Peoples' Army will probably receive a special role in safeguarding the party's achievements and the unity of the revolution, together with its large veterans' organizations the army will be one of the strongest supporters of the new party policy."

The position of the liberal leaders of all the Republic weakened considerably in 1972. (The liberal "Praxis Group" however, was not banned until early 1975, when eight members of the Belgrade Faculty of Philosophy were finally suspended.) Due to the recentralization of the Yugoslav economy, changes in the structure of the foreign trade and the export structure, the net result of 1972 was a balance of payments surplus of \$250 million — the first surplus in 25 years. For the time being, at least, the crisis was over.

— Mira Petrovic

Leaders' Policy Statement Keeps China In Mao's Footsteps

The leadership of the People's Republic of China, despite the passing of Mao and the purging of "the Gang of Four," has not altered by one degree the course of foreign and domestic policy pursued by Mao. This is the clear message of a mammoth policy statement which appeared in the official publication of the Chinese Communist Party, the People's Daily, on Nov. 1. In particular, the document is clear that the leadership of China is firmly fixed to a policy against the Soviet Union so fanatically pursued by their predecessor.

Despite the fact that the 35,000 word document has received little attention in the western press, the Chinese policy effects U.S. perspectives because it lays to rest any prospect of significant Sino-Soviet rapprochement for a long time to come. The flickering attempts of certain U.S. academics and politicians to hold aloft the bogey-man of a new Sino-Soviet alliance if the U.S. does not fork over Taiwan on Peking's terms no longer hold. Despite an appearance of attacking both the U.S. and the Soviet Union, the document, as the following quotes reveal, makes the Soviet Union its chief target. The only operable portion of the entire piece is the call to end "appeasement" of the Soviets by ceasing every current and prospective economic or military measure of détente. Lest the repetition of Peking's doctrine of the "inevitability of war" be brushed aside, the reiteration of Mao's well-known pooh-poohing of the dangers nuclear war would bring to China — and China's crash bomb shelter program — should be borne in mind.

CHINA

Chairman Mao's theory of the three worlds scientifically epitomizes the objective realities of class struggle on the world arena today. In this theory he inherited, defended and developed basic Marxist-Leninist principles.

In his talk with the leader of a Third World country in February 1974, Chairman Mao said, "In my view, the United States and the Soviet Union form the first world. Japan, Europe and Canada, the middle section, belong to the second world. We are the Third World..."

After 1958, with the Khrushchev-Brezhnev clique's complete betrayal of the cause of communism, capitalism was restored in the Soviet Union, and it degenerated and became a social-imperialist country. True, there are China and the other socialist countries, **but what was once the socialist camp no longer exists, nor do historical conditions necessitate its formation for a second time.** Meanwhile, many countries in the im-

perialist camp no longer took their cue from the United States and even openly stood up to it... In the 1960s, the ruling clique in the Soviet Union were already very far gone in their betrayal of socialism, but for a time U.S. imperialism remained the arch enemy of the people of the world. Then, **after a succession of grave events**, the Soviet Union not only turned into an imperialist superpower that threatened the world as the United States did, but also became **the most dangerous source of another world war....**

As the United States got bogged down in wars and its strength began to decline, Soviet social-imperialism came up from behind. The Khrushchev-Brezhnev renegade clique, which had snatched the fruits of the socialist construction carried out by the Soviet people for over 30 years, gradually transformed what had been a socialist power into an imperialist power.... It has caught up with the United States in nuclear armament and surpassed it in conventional weaponry. As its military and economic power increases, Soviet social-imperialism becomes more and more flagrant in its attempts to expand and penetrate all parts of the world. It makes great play with its ground, naval and air forces everywhere and engages the United States in a fierce struggle for supremacy on a global scale, thus betraying its aggressive ambitions which are unparalleled in world history...

The conduct of the Soviet Union in international affairs is quintessential imperialism and hegemonism, without a trace of a socialist proletarian spirit. Nor is that all. Of the two imperialist superpowers, the Soviet Union is the more ferocious, the more reckless, the more treacherous, and the most dangerous source of world war.

Why must we say so?...

First, Soviet social-imperialism is an imperialist power following on the heels of the United States and is therefore more aggressive and adventurous...

Second, because comparatively speaking Soviet social-imperialism is inferior in economic strength, it must rely chiefly on its military power and recourse to threats of war in order to expand...

But if, despite what has been said above, we should still indiscriminately put the two superpowers on a par and fail to single out the Soviet Union as the more dangerous instigator of world war, we would only be blunting the revolutionary vigilance of the people of the world and blurring the primary target in the struggle against hegemonism...

How is it that the second world countries constitute a force which can be united with in the struggle against hegemonism?...

Today Soviet social-imperialism obviously represents the gravest danger to the West European countries, for Europe is the focal point in the Soviet strategy for seeking world hegemony...

Today, the European countries are faced with the grave threat of invasion and annexation from the Soviet social-imperialists....

What are our tasks then? First, we must warn the people of the danger of war...Since the rivalry between the two hegemonist powers is intensifying and especially since Soviet social-imperialism is on the offensive, the conflict between them cannot possibly be settled by peaceful means...In the present historical circumstances, there is no possibility for a lasting peace, and a new world war is inevitable...Second, we should make every effort to step up the struggle against hegemonism...

Third, we must redouble our efforts to oppose the policy of appeasement because it can only bring war nearer. There are people in the West today who in fact adopt a policy of appeasement towards the Soviet Union. In striving to work out an "ideal" formula for compromise and concessions in the face of Soviet expansion and threats, some people have dished up such proposals as the "Sonnenfeldt Doctrine" in the fond hope of assuaging the aggressor's appetite or at least gaining some respite for themselves. Others intend to build a so-called "material basis" for peaceful cooperation and the prevention of war by means of big loans, extensive trade, joint exploitation of resources and exchange of technology. Still others hope they can divert the Soviet Union to the East so as to free themselves from this Soviet peril at the expense of the security of other countries...

Latin Americans Advance Energy Fight With Call For Debt Moratorium

The crucial issue of debt moratoria was placed once again at the forefront of international politics two weeks ago by Latin America's three leading advocates of industrial development. Mexico's former president and current ambassador to UNESCO, Luis Echeverria, issued a stinging denunciation of the debt collection policies of the International Monetary Fund. Jamaica's Prime Minister Michael Manley and a top spokesman for Venezuelan President Carlos Andrés Pérez publicly demanded generalized debt moratoria for the financially strangled nations of the developing sector.

The statements represent a step forward for the informal alliance for nuclear energy and industrial development that has emerged in Latin America over the past few weeks, led primarily by Mexico. In defiance of U.S. Energy Secretary James Schlesinger and the Carter Administration, the Lopez Portillo government has elaborated a plan to use Mexico's massive oil reserves — an estimated 120 billion barrels according to the state oil company Pemex — to fuel a 20-year crash development program to transform Mexico into an advanced sector nation. . . rather than using the oil to pay off the nation's multi-billion dollar foreign debt. Vizcaino Murray, chairman of the Mexican Nuclear Energy Institute, told a youth conference of the ruling PRI (Partido Institucional Revolucionario) last week that Mexico's long-term energy program is based on the transition from hydrocarbons (chiefly oil) to fission, and eventually fusion power. By the year 2000, he said, 70 percent of Mexico's electricity will be generated by at least 20 nuclear reactors. Recent tremendous oil discoveries notwithstanding, Vizcaino declared, "The country's most abundant energy resource is uranium." A recent exposition of the Mexican Council for Science and Technology prominently featured a display on the plans for the test Tokamak fusion reactor.

Mexico has launched an aggressive international "development diplomacy," centering on negotiation of oil-for-technology deals with leading Latin American and European and Mideast nations. The head of Pemex, Jorge Diaz Serrano, three weeks ago began a world-wide tour with stops in Venezuela and Brazil, the two economic lynchpins of South America. Brazilian president Ernesto Geisel is scheduled to visit Mexico in January, 1978, for further discussion of Mexican proposals for expanded oil-for-technology trade arrangements; also under discussion will be possible joint construction of a refinery in Brazil to process Mexican crude oil as suggested by Mexico's ambassador to Brazil last month.

Diaz Serrano is now in Europe, where he is holding talks with a number of governments and enterprises, including the Italian state oil company ENI. Mexico and France recently reached agreements to exchange Mexican oil for French nuclear technology, cooperation which will be furthered during the January visit of French President Valery Giscard d'Estaing to Mexico City.

Debt Moratorium Required

The issue of debt moratorium is key to the successful implementation of nuclear energy and industrial development plans throughout Latin America, as the Carter Administration itself well knows. Brazil is a stunning example. The most dangerous vulnerability of the Brazilian nuclear energy program is the financing problems imposed by the need to continue servicing the country's nearly \$35 billion foreign debt. This economic leverage point is the primary weapon in the Carter Administration's arsenal against Brazil's plan to implement a full fuel-cycle nuclear development program based on the multi-billion dollar technology transfer deal with West Germany. U.S. Secretary of State Cyrus Vance's three-day sweep through Argentina, Brazil and Venezuela Nov. 20-23 is apparently intended to contain, if not destroy, the emerging potential of this Latin American development axis. Vance's mission must focus on forcing Brazil and Argentina — as the "weak links" — to bow to the Administration's ban on full-cycle nuclear energy development, while attempting to coerce Venezuela into acting as a "Trojan Horse" in behalf of the Administration's no-growth policies.

Echeverria: IMF Must Go

Luis Echeverria told an international bankers' meeting in Yugoslavia two weeks ago that the world financial crisis is due to the Third World's crushing debt burden: The debt is the cause of the 200 million unemployed in the Third World and the 30 million unemployed in the advanced sector countries. The existing "inactive financial institutions" must be replaced with "a New International Economic Order," he specified. Echeverria in a simultaneous interview with the Mexican daily *El Universal* singled out the IMF, blaming the agency for the current world collapse. Echeverria's charges were echoed last week in an editorial in the national daily *Diario de Mexico*, which attacked the IMF and cited France's 17th century economic minister Colbert, who instituted debt moratorium and an in-

dustrial growth program, as a model to be followed by Mexico.

While Echeverria was speaking in Yugoslavia, Prime Minister Michael Manley, on a European tour to organize desperately needed financial and political support for his country, told press in Stockholm Nov. 3 that the "accumulation of debts and the burden of servicing charges have developed into a real danger and could end up dominating the world economy." Manley cited Sweden's decision to cancel the debts of \$220 million owed it by a number of the poorest developing nations as "an example for the rest of the world." He added that a debt moratorium for the entire Third World is necessary. This, he explained, "would release enormous resources" for development and would "also help the industrial nations climb out of recession."

A similar line of reasoning on the Swedish measure was taken only a few days earlier by Reinaldo Figueredo, chairman of Venezuela's Foreign Trade Institute and a close friend and advisor of President Perez who has repeatedly stressed the need for generalized debt moratoria. Figueredo told reporters in Caracas that the Swedish move cited by Manley was correct, but "timid." "The correct thing would be for the U.S., Japan, the Federal Republic of Germany, and others to follow this example . . . It would truly alleviate the situation of the peoples of the Third World."

Wanted: A Finance Minister Like Colbert

Following are excerpts from an editorial which appeared in the Mexico City daily Diario de Mexico Nov. 19. The editorial appeared one day after a major reshuffle of the Mexican cabinet in which Finance Minister Moczuma Cid was forced to resign.

When Colbert, the French Finance Minister who is credited with the longest economic boom period that great country has ever experienced, took over that post (in 1661) the situation couldn't have been more critical: war had ravaged the fields, the lords stole what little was left, the artisans, primarily those from Paris and Lyon, where mobilized against the tax collectors. So what was the first thing he did? He declared a general and long-term debt moratorium.

People don't seem to understand this simple lesson; Finance Ministers think that their role is that of blood-letters, and with that commitment they become the worst enemy of the government. At the present moment, the one thing President Lopez Portillo doesn't need are enemies.

Manley: New World Order Greatest Concern

The following is part of an article which appeared in Jamaica's Daily Gleaner Nov. 4.

Creation of a new world economic order is Jamaica's most pressing concern, Jamaican Prime Minister Michael Manley said today.

Manley, here on a two-day official visit, told a press

conference that a new balance in trade was needed between industrialized and developing nations.

He said this could also help the industrial nations climb out of recession.

Manley called for a moratorium on debts accumulated by Third World countries. He said this would release enormous resources.

The Jamaican leader said the accumulation of debts and the burden of servicing charges had developed into a real danger and could end up dominating the world economy.

He praised Sweden's decision announced last month to cancel debts of one billion Swedish kronor (US\$220 million) owned by some of the poorer Third World countries.

Jamaica now paid one-quarter of its foreign exchange earnings in servicing foreign debts and Sweden's decision to renounce repayment was an example for the rest of the world, Manley said....

Mexico: Goal Is Atomic Energy

Here are excerpts from a speech by Francisco Vizcaino Murray, head of Mexico's National Institute of Nuclear Energy (INEN), before a meeting of the youth movement of the ruling Mexican party, the PRI:

The current utilization of hydrocarbons is very costly; they are wasted through combustion for the production of electrical energy; it is essential that we substitute uranium for them. According to the studies which have been carried out so far, uranium is considered one of the country's richest energy resources, as important or even more so than hydrocarbons. We have been able to estimate these resources at approximately 10,000 tons, but it is necessary to increase exploration so that in the next 15 years, we can find half a million tons with which we can meet the increasing national demand for uranium. The National Institute of Nuclear Energy needs greater financial resources and trained personnel so that it can help Mexico to advance in the race for utilization of atomic energy for peaceful ends which will contribute to economic-social development.

On Nov. 15 the Mexico City newspaper Excelsior ran the following article on Vizcaino's speech.

Uranium deposits discovered in the states of Chihuahua, Nuevo Leon and Tamulipas will allow Mexico, in the next fifteen years, to accumulate a reserve of more than 500,000 tons of uranium, a mineral which will be vital for our future and is "the most abundant energy resource in our country," stated the head of the INEN, Francisco Vizcaino Murray.

Vizcaino indicated that this mineral has gained economic and strategic importance which increases day by day and which will be vital for the generation of energy in the coming years, especially because, before the end of the century, 70 percent of Mexico's electrical energy will be produced by nuclear reactors.

He also indicated that it is obvious that national

requirements will demand the construction of at least 20 reactors, essential as initial support for the future development of the nuclear industry. As opposed to other sources of energy, he added, nuclear energy is one of the

cleanest sources of energy and it does not contaminate the environment. Besides, the risk of accidents is much less than that from any other combustible given the security measures which have been established.

Vance Is At It Again

Secretary of State Cyrus Vance began a four-day diplomatic tour of Argentina, Brazil, and Venezuela Nov. 20 in yet another effort to somehow subvert the Brazil-West German nuclear technology agreement. Highly placed sources in Washington and Latin America revealed last week that the White House has two basic objectives riding on Vance's mission: first, stall the Brazilian nuclear program as long as possible; second, prevent Venezuela and Argentina from allying with Brazil on a perspective of nuclear technology transfers from the advanced sector.

The Brazilian nuclear question has become the hub of a fight that has erupted within the State Department and other policymaking layers of the Carter Administration. It is now recognized that the Carter policy of direct confrontation against the West German deal, combined with the pressure of the "human rights" insult, has been a total failure. As a result, Brazil, the traditional linchpin of U.S.-Latin American policy, has strengthened its commitment to nuclear energy and has moved closer to European powers who oppose the U.S. government's energy stance.

In an attempt to salvage U.S.-Brazilian relations, the "old guard" associated with the diplomacy of Henry Kissinger in the State Department demands the Administration drop its confrontationist profile and opt for a "softer" policy to buy time. The rationale for this approach was described in detail by Roger Fontaine in the latest issue of *Foreign Policy*. (see below.)

As the "package" of supposed U.S. concessions to be presented to the Brazilians indicates, Vance has settled on the "old guard" option. Last week's announcement by the State Department recommending export permits to be granted for the sale of uranium to Brazil is merely an enticement. As one Washington source explained, it is Vance's "visa" — without it, he would not even get the Brazilian to sit down with him. Columnist Edgardo Costa Reis, in the Rio de Janeiro daily *O Globo* confirmed this scenario Nov. 17 by revealing that Washington admits that Vance's "package of offers" is intended to provoke a "postponement" of the West German agreement.

Vance's chances of actually sabotaging the Brazil-German deal, however, lies less in this direct diplomacy with Brazil than they do in his manipulation of Argentina and Venezuela against the Brazilian deal.

Argentina's Role

Vance is certainly not limited to a "soft" line in his dealings with Argentina the way he will be in Brazil. In Argentina he will pressure the Videla regime on the human rights issue, for concessions on Argentina's own ambitious nuclear program which can then be used as

leverage against Brazil. One option is to rope both nations into a "regional" nuclear pact that would include mutual inspection to enforce "nonproliferation."

As the Stanley Foundation, a Wall Street think-tank, spelled out regarding the "regional" approach several months ago, under such an agreement, the U.S. could effectively police against undesired technologies (such as the full-fuel cycle system being made available to Brazil by West Germany) and maintain control over Latin American uranium supplies.

All indications are that Buenos Aires will not be able to offer much resistance to Vance's gameplan since the total collapse of the Argentine economy has left the government desperate for trade and credit. A Stanley Foundation source remarked that if Brazil were in the same economic shape as Argentina, Brazil would already have buckled "four times over" to U.S. pressures to drop the West German deal. Secondly, Argentina's nuclear program, based on the use of heavy water technology in its reactors, is already highly dependent on the U.S. and Canada. Finally, the political instability of the Videla regime makes it very vulnerable to "human rights" armtwisting.

The U.S. monetarist press has already opened fire on the human rights question. On Nov. 21, the day Vance arrived in Buenos Aires, the *Washington Post* editorialized that Argentina is "ready" for concessions on human rights, with the suggestion that the Videla government push for "regional cooperation" on nuclear energy. Similarly, Juan de Onis in the *New York Times* Nov. 20 stressed the "anti-semitic" violence in Buenos Aires — a cue to the Argentine government that the financially powerful "Jewish Lobby" in the U.S. should not be offended.

Argentina is already bending under the pressure. Less than a week before Vance's trip, the Argentine Foreign Ministry's top advisor on nuclear matters was invited to dinner with John Stanley of the Stanley Foundation, where sources report he viewed the "regional" nuclear control scheme very favorably. Furthermore, Foreign Minister Oscar Montes signed the 1974 Tlatelolco non-proliferation treaty — which Brazil still refuses to do — on the day Vance arrived.

Roping In CAP

Venezuelan President Carlos Andres Perez's leading role in shaping the Third World's campaign for a new world economic order has prompted Vance to place special emphasis on preventing Venezuela and Brazil from forming an axis in favor of nuclear energy. Temporarily, he has succeeded, even successfully manipulating Perez to attack the Brazil-West German deal.

During his crucial three-day trip beginning Nov. 16 to Brazil for summit talks with President Ernesto Geisel, Perez completely endorsed the Stanley Foundation's scheme for multilateral nuclear control and praised Carter's energy policy — a position that is not only directly antagonistic to Brazilian nuclear development, but represents a complete turnaround of CAP's earlier stated policy.

In his groundbreaking interview with *Jornal do Brazil* Sept. 26, CAP had indicated his total support for Brazil's "right and necessity" to develop its own nuclear energy, signaling a break with his previous tacit support for the Carter "nonproliferation" policy. In the weeks that followed, this stand was reiterated several times, including in comments by the Venezuelan ambassador in Brazil, who told the press that his country is anxious to start a nuclear program of its own.

However, in a subsequent interview with *Jornal* on Nov. 13, Perez called for the creation of a "Latin American nuclear energy enterprise" to remove "all doubts" as to the exclusive peaceful use of nuclear energy — indicating precisely that he did have doubts about Brazilian intentions. A few days later, Thomas O'Toole of the *Washington Post* "leaked" that Vance was going to propose a similar "regional" nuclear organization for fuel reprocessing during his tour. The Brazilian foreign ministry immediately rejected Perez's proposal, and the State Department, noting this, quickly denied the *Post* story.

Once in Brazil, however, Perez continued to stick with his U.S.-inspired plan, emphasizing doubts about whether Brazil's program can remain peaceful. He even identified himself openly with the Carter Administration's "worries" on this count.

How and why did Perez allow himself to be identified as an emissary of the Carter Administration? The answer is to be found largely with his foreign minister, Simon Alberto Consalvi. Sources in Brazil and Caracas acknowledge that it is Consalvi, a Brazilian "expert" trained at Columbia University, and a personal friend of Zbigniew Brzezinski, who has been forging Venezuela's turn toward Brazil since his predecessor, Ramon Escovar Salom, was ousted last summer. It is clear that Consalvi has convinced the Venezuelan President that Brazil cannot be trusted. Moreover, he has played on long-standing Venezuelan fears of a Brazilian invasion, urging Perez to cautiously open limited diplomatic channels on the condition that Brazil must at all costs be prevented from "getting the bomb." Consalvi undoubtedly also warned Perez of the danger of burning all his bridges behind him by antagonizing the Carter Administration.

The chances for Vance's success are slim. As the *Christian Science Monitor* commented this week, Vance may well be walking into a "diplomatic hurricane." If he's lucky, Brazil may treat him as a mere tourist. And although his friend Consalvi has Perez's ear, the danger for the Carter Administration is that Brazil and Venezuela have nonetheless set up channels — almost totally blocked for 15 years — that can lead to precisely the kind of alliance for nuclear power that Vance seeks to avoid.

For a "Soft" Policy

Roger Fontaine, head of the Latin America division of the Center for Strategic and International Studies, recommended that the U.S. appear to soften its policy on Latin American nuclear energy development in an article published in Foreign Policy, Fall 1977.

The United States and Brazil have ended more than a century of close ties. The destruction followed a trumpet blast from the Carter administration consisting of two shrill notes: human rights and nonproliferation. President Carter... wanted to restore respect for human rights in Brazil and, more importantly, to prevent that country from acquiring a complete nuclear fuel cycle and hence the bomb. The objectives were laudable; the implementation is another, rather sad matter.

We have alienated a friend and old ally, and we did not get (nor will we likely get) what we sought in the first place. Worse, we have probably increased the chances that Brazil will select the nuclear option by the end of the century. That decision will be made by a generation of Brazilian leaders who have accepted Charles DeGaulle's warning: Don't trust the Americans if your greatness is at stake....

The first move of the Carter administration was to place direct pressure on the Germans to cancel the agreement, commencing with Vice-President Walter F. Mondale's trip to Bonn last January. That move had the effect of virtually canceling the "memorandum of understanding" which had been signed by the U.S. and Brazil less than a year earlier (for regular consultations on a broad range of economic, political and technological matters — ed.)....

The German-Brazilian accord might have unraveled by itself. Until we blundered into the china shop, serious doubt was arising about the quality of the goods being offered. Furthermore, given Brazil's pinched budget, there might have been a stretchout or even cancellation of some parts of the agreement. American alternatives, if presented at the proper moment, might have been listened to in Brazil....

Now, of course, national pride is at stake: public positions are chiseled in granite, and any suggestions from Brazil's former friend will be treated with suspicion, if not outright hostility. Indeed, the current regime may even accelerate development, despite current budget restraints, in order to prove Brazilian independence....

CAP: Brazil Must Develop Nuclear Power

Jornal do Brazil, Sept. 27:

The Venezuelan president (Perez) indicated that "it was worth clarifying the position of Venezuela on Brazil's nuclear program," and said "It will assure the strengthening of the industrial and economic development of that great neighboring country."

"Brazil not only has the perfect right to develop its nuclear energy, but also needs to do it..."

"Brazil is perhaps the Latin American nation which can no longer wait to begin its nuclear development..."

He asserted that Venezuela defends the thesis of the use of nuclear energy "exclusively for peaceful purposes" and that Latin America aspires to be one of the denuclearized zones of the world, in so far as the use of atomic energy for bellicose purposes is concerned.

Brazil, Venezuela Agree

Response by Brazilian Foreign Relations Ministry to an official statement of support for Brazil's nuclear program from the Venezuelan government. Printed in the Venezuelan daily El Nacional, Oct. 30, 1977.

Today, the Brazilian Foreign Relations Ministry commented that "without a doubt the (Venezuelan President's comments) reflect the coincidence of points of view on the nuclear issue between Brazil and Venezuela, and explains the climate of understanding between the two countries."

Stanley Foundation: Limit Latin America's Nuclear Capability

The following is taken from a conference discussion of "U.S. Nuclear Policy and Latin America" sponsored by the Stanley Foundation, Dec. 10, 1976. Among the participants were Brazil specialist Riordan Roett, director of Latin American Studies for the John Hopkins University School for Advanced International Studies; Lincoln Gordon, U.S. Ambassador to Brazil during the 1964 coup; and the director of International Relations division of the Rockefeller Foundation.

In discussing U.S. nuclear proliferation policy relative to Latin America, there was a shared assumption by participants that Argentina and Brazil intend to become fully self-sufficient in all aspects of the nuclear fuel cycle as soon as possible...both are considered very near a nuclear explosive capability, assuming an affirmative political decision and, as mentioned earlier, both have carefully kept their options open by refusing to become party to regional or global nonproliferation agreements...but have permitted International Atomic Energy Administration safeguards as part of purchases of nuclear equipment from foreign governments.

...If a satisfactory solution is to be found to the threat of nuclear proliferation in Latin America, it will probably be in the context of resolutions of pending critical economic, social, trade, and energy issues....

All participants believed that a U.S. nuclear policy which attempts to freeze either, or both nations, into a permanently inferior position...will be perceived as insulting, and resisted. Rather than seeking to inhibit their technological momentum, we should endeavor to help create a political situation which will permit them not to proceed with the development of nuclear explosive devices. The U.S. should initiate high level discussions with both nations regarding U.S. nuclear policy, and their nuclear aspirations and energy requirements.

One suggested approach is to encourage cooperative efforts between the two Latin American nations, building initially upon a common approach to energy problems ...Interconnected with the above is the often discussed suggestion that the U.S. should support establishment of a regional nuclear fuel cycle center to meet some of the nuclear requirements of Argentina, Brazil, and other Latin American nations....

There was considerable support for serious consideration of establishing a regional spent fuel storage facility, with principal Argentine and Brazilian investment and control, in a relatively neutral country such as Paraguay....U.S. support for the establishment of such a facility could be expressed, while emphasizing our own decision to defer reprocessing and plutonium recycle for the indefinite future. Such a policy, it was argued, could conceivably make it possible for both Argentina and Brazil to painlessly decide not to advance into further development of reprocessing....

Perez: Safeguard Against Atom-Power Race

At a Nov. 18 press conference, Venezuelan President Perez had this to say on Brazil's and Argentina's energy plans:

I believe in the sincerity of what was told me (by Presidents Geisel and Videla). But since we are thinking in terms of integration, in terms of the region and not in terms of individuals, it is necessary that we create in the region all the safeguards which are indispensable to assure that in the future no ruler and no political system in Latin America will be given the right to begin an atomic arms race....We have confidence in what Brazil is doing, but we will have more confidence when we reach an inter-American agreement which assures the denuclearization of Latin America in an undoubtable manner.

U.S. Energy Policy Defended

Venezuelan President Perez's characterization of the Carter Administration's energy policy was presented in O Globo, Nov. 18:

President Andres Perez again defended the creation of a regional enterprise to control the production of nuclear fuel in Latin America....He said that the position of the President of the United States, Jimmy Carter, in relation to nuclear energy has two basic purposes:

"In the first place, it was more directed towards Europe to show that technology can not and should not be sold like any kind of merchandize. In the second place, to guarantee that everyone is convinced world denuclearization is worth whatever effort is necessary!"

Brazil Rejects Regionalization

Folha de Sao Paulo, Brazilian daily, editorial page feature by Luiz Alberto Bahia, Nov. 16, 1977:

It follows the logic of the policy of great power status that Itamarati refused to support the proposal of President Andres Perez to set up a Latin American nuclear energy enterprise. The Brazilian Government has a program which is strictly national in appearance, but binational in reality. Its nuclear project is put together in intimate association and interdependence with the German Federal Republic. The central conception of the deal is to give to Brazil power — extensive nuclear potential, including military — in the shortest possible

time — even if we put ourselves in a position of technological dependency.

....The Venezuelan proposal is, without doubt, the only one which would guarantee the banishing of nuclear military possibilities from our continent. International and internal safeguards against military deviation of peaceful energy programs are never sufficient, so long as nation states reserve the sovereign right to develop nuclear energy.

FCC's Equal Time — Boon or Bust?

Despite its assurances to the contrary, the Federal Communications Commission (FCC) currently does almost nothing to guarantee the public's right to fair and balanced coverage of important issues in the T.V. and radio media. Largely as a result, the population of the United States is on the whole grossly ignorant of the significant issues it faces.

The U.S. Congress has given the FCC the authority to regulate the electronic media because the limited span of television and radio frequencies make the electronic media inherently noncompetitive. No individual is free to start broadcasting in the way he is to start his own newspaper or magazine.

The two weapons Congress has designated for ensuring balanced coverage by television and radio are the "fairness doctrine" and "equal time." The fairness doctrine is effectively a joke. In the past three years only five fairness doctrine cases have even been heard by the full commission. The fairness doctrine stipulates that a station must have "reasonable balance" in its coverage of controversial "issues of public importance." However, it is left to the broadcaster to decide what constitutes a controversial issue and who is a responsible representative of an opposite viewpoint. The burden of proof rests overwhelmingly with the petitioner to prove biased or unbalanced coverage.

The equal time provisions are similarly loaded by the catch that "bonafide news shows" or coverage of a "bonafide news event" is exempt from the equal time statutes. As a result, not only the evening news, but everything this side of the Johnny Carson show — "Today," "60 Minutes," "Meet the Press," and all sorts of public affairs spectacles — is exempt from equal time requirements. In fact, any station with a competent legal staff can cover an entire major campaign and avoid any requirement that they give equal time to other candidates.

The Labor Party Case

The experience of the U.S. Labor Party's 1976 Presidential campaign and various of its 1977 local races make this abundantly clear.

Until 1975, any network that covered a debate of presidential candidates was required to give equal time to all other candidates in the race. In 1975 the FCC ruled that the electronic media was free to cover a debate if it was a "bonafide news event," that is, if it was sponsored by someone other than the network itself. In 1976, like magic, the League of Women Voters decided to sponsor campaign debates — "independent" of the networks, of course. The result was the pathetic Carter-Ford display, while the Labor Party's LaRouche was frozen out.

Leading up to the election, ABC television produced a series of several shows called "Battle for the White

House." The total coverage of LaRouche from the entire series was the line, "The candidate of the U.S. Labor Party is Lyndon LaRouche. FBI director Clarence Kelley says LaRouche's party is oriented to violence and brainwashing." Not only did ABC claim and get an exemption from equal time, they seem to have been exempted from any requirement that they tell the truth.

A sampling of several 1977 local campaigns in the New York metropolitan area demonstrates that the equal time problem can be just as easily skirted by an enterprising local station as by the national networks.

The WCBS-TV show, "Newsmakers," had a different New York City mayoral candidate on for half hour interviews on each of the four Sunday afternoons before the recent election. This show is, of course, exempted from equal time requirements because the FCC says that it is a "bonafide news interview show." Why was the Labor Party's mayoral candidate Elijah Boyd kept off the air? "We didn't have enough Sundays," explained one of the show producers. Earlier in the campaign the same show had told Labor Party officials to "wait until after the primary," when, of course, the Sunday shortage developed. Did WCBS-TV violate the fairness doctrine by failing to air the only spokesman for economic development in the race? Not accordingly to the FCC which has ruled that so-called minor parties need not be considered under provisions of the fairness doctrine.

The "Midday Live" show on WNEW-TV in New York is one of those rare shows without an equal time exemption. When this noontime house-wives' talk show had a New York mayoral candidate on the air it was required to give his opponents equal time. But there was a catch. According to the FCC "Midday Live" was not required to notify the other candidates of their rights to air time. It is up to the candidates to watch the show, and request equal time! Since Elijah Boyd is not a housewife, he happened to miss the show. When Mr. Boyd's campaign staff did hear about the show, the seven day limit for requesting equal time had elapsed. Boyd did not appear on "Midday Live."

WINS, a Westinghouse-owned all-news radio station in New York, limited its coverage of the suburban Westchester County (N.Y.) Executive race to a one-hour broadcast of one of the 40-plus debates that took place during the three-way campaign between the Labor Party's Michael Billington, the Republican Gordon Burrows and the Democrat Alfred DelBello. However, WINS managed to pick for coverage the only major debate that excluded the Labor Party candidate. WINS news director Ed Rickerts assured the Labor Party that WINS had had nothing to do with setting up the debate ("we just covered it"), and all involved insisted that it was just a coincidence that the moderator of the debate was WINS' chief political reporter. Because WINS was

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EXECUTIVE INTELLIGENCE REVIEW SPECIAL REPORT
DAILY ENERGY INTELLIGENCE BULLETIN AUGUST 18, 1977
'EX' WATERGATE PROSECUTOR CHARGES 1.5 BILLION DOLLAR COST
OVERRUN IN ALASKA PIPELINE

AUG 18 - IN A HIGHLY UNUSUAL PROCEDURE, THE STATE-RUN ALASKA PIPELINE COMMISSION, ITSELF SPENDING MORE THAN 1 MILLION DOLLARS IN ITS INVESTIGATION, HAS CHARGED THAT THE ALYESKA PIPELINE CONSTRUCTION OF THE MUCH PLAGUED ALASKA OIL PIPELINE IN ALYESKA CORP. HAS CHARGED THAT THE STATE REPORT IS BIASED AND THAT THE INVESTIGATORS 'NEVER INTENDED DECEITIVITY.' THE 670-PAGE REPORT WAS PREPARED UNDER THE DIRECTION OF TERRY LENZNER WHO WAS PREVIOUSLY INVOLVED IN THE POLITICAL FAC-TIONAL WAR AGAINST NIXON WHEN LENZNER WAS DEPUTY COUNSEL TO THE SENATE WATERGATE COMMITTEE. INFORMED SOURCES IN THE PETROLEUM INDUSTRY CONFIRM THAT THERE HAS BEEN AN INTENSE BEHIND THE SCENES EFFORT BY THE ROCKEFELLER FAMILY POLITICAL AND FINANCIAL EMPIRE ACTING AT TIMES THROUGH ITS EXXON INTERESTS TO SABOTAGE TO DEVELOP THE VAST ALASKA OIL RESERVES. THE DAMAGE CAUSED BY AN EXPLOSION AND FIRE EARLIER THIS SUMMER HAS ALREADY CAUSED SUBSTANTIAL DELAY IN EP ALASKA OIL REVENUES, WHICH WAS FURTHER AGGRAVATED BY A US INTERSTATE COMMERCE COMMISSION DE-CISION FORGING DOWNWARD REDUCTIONS IN RATES CHARGEABLE BY THE PIPELINE CONSORTIUM TO ITS CUSTOMERS.

BRITISH NUCLEAR REPROCESSING INQUIRY GETS ECCST
AUG 18 - THE ONGOING BRITISH GOVERNMENT-ORDERED PUBLIC INQUIRY INTO THE QUESTION OF WHETHER THE EXISTING NUCLEAR FUEL RE-PROCESSING CENTER OF BRITISH NUCLEAR FUELS LTD. AT SIND-SCALE GOT A MAJOR BOOST WITH THE INSPECTION THIS WEEK FROM THE NUCLEAR INSTALLATIONS INSPECTORATE THAT 'THERE AP-TO BE NO SIGNIFICANT SAFETY PROBLEMS THAT CANNOT BE OVER-COME. IN OTHER TESTIMONY, DR. STANLEY BOWIE OF ABERDEEN-UNIVERSITY DISPELLED THE MYTH, WIDELY CIRCULATED BY VARIOUS ENVIRONMENTALIST GROUPS, THAT THE MOST DEADLY BYPRODUCT SUCH REPROCESSING WAS ONE OF THE PLUTONIUM BYPRODUCT WHICH POINTED OUT THAT ALMOST EQUALLY DEADLY SUBSTANT-THE CAFFEINE PEOPLE DRINK EVERY DAY IN THEIR COFFE-BRITISH AFFILIATE OF THE SO-CALLED 'BROTHERS OF THE-HEADED BY AMORY LOVINS IS BELIEVED BADLY FALTERI-TEMPTS TO GO FAR WIP UP PUBLIC Hysteria AGAIN-EXPANSION. THE EXPANSION IS PART OF ONG-ING CONTRACT. JAPANESE ELECTRIC UTILITIES FOR A M-

THE GOVERNMENT WILL RE-PROCESSING OF I ACCOCPG TO 7, THE G 1554P