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# **EXECUTIVE INTELLIGENCE REVIEW**

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# EXECUTIVE INTELLIGENCE REVIEW

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# EXECUTIVE INTELLIGENCE REVIEW

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## IN THIS WEEK'S ISSUE

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Jimmy Carter's April 11 **speech on economic policy** came at a time when his Administration is **deeply fractured**... amid severe difficulties in **U.S.-European relations**... when **detente with the Soviets** appears to be in ever deeper trouble... when the economic policy of the United States and its **immediate political consequences** is the **focus of world attention**... Now Lyndon H. **LaRouche**, chairman of the U.S. Labor Party, explains "**What President Carter Should Have Said**"... an essay on the requirements of leadership that's the top story in our **ECONOMICS** report... In an extensive survey of the roots of the "**American System**"... versus the ideology and economics of the **monarchical British**... LaRouche scathingly shows why neither the "**fiscal conservatives**" nor the **Keynesian "funny-moneyists"** have even a hint of how to rejuvenate the U.S. economy... and demonstrates that the solution lies in the proliferation of the **science and technology in which the U.S. leads the world**...

\* \* \*

Despite Carter's shortcomings in the economic realm, America's allies are **stepping forward**... with proposals for a **new monetary system** including a **strengthened U.S. dollar**... This week's **INTERNATIONAL** report examines the initiative by West Germany's Chancellor and France's President, following the Copenhagen summit ... and the dismal fate of the **British counterproposal** for an "independent (read: **British-run**)

Europe"... Included: selections from the **international press** showing that British journalism's coverage of the reaction to Britian's plan had nothing to do with news... everything to do with (as the British themselves put it) "**maintaining the illusion that we are in control**"... Plus Europe's tough response to U.S. energy czar Schlesinger's attempt to use U.S. law to **veto European nuclear energy**...

\* \* \*

**Featured in INTERNATIONAL:** the story on one of the most significant **private-sector contributions** to the campaign for sane U.S. policy...a Rockefeller —yes Rockefeller — Foundation energy proposal that calls for **expanded U.S.-Soviet cooperation**... vastly increased **nuclear energy development**... and **high-technology energy exports for the Third World**...

\* \* \*

The neutron bomb is being played up in every newspaper as a **controversial wonder weapon**... Did you know that this technology, under the name "enhanced radiation weapons," has been around for years? ... A dissection of the **fraudulent play** being given to the n-bomb issue... and of the **real strategic questions behind it**... is presented by the **U.S. Labor Party's LaRouche** in the **SPECIAL REPORT** in this issue... with an in-depth discussion of **what motivates British policy on**

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the neutron bomb... and of the blind spots from which European and Soviet leaders suffer...

\* \* \*

For how the foreign policy debate is taking shape inside the Carter Administration, see the U.S. REPORT... which describes the tough tests that Carter faces on the Panama Canal treaty and the SALT talks... and his prospects... with a sampling of the unprecedented unanimity of attack on the President from the "British liberal" wing of the U.S. press... But on the other side of the political fence, the "export faction" inside the Administration is active, and getting support around the country...as a quote-packed survey shows... while top Tory Henry Kissinger may face indictment on charges of being an agent of a foreign power... all in U.S. REPORT...

\* \* \*

No-Energy Secretary Schlesinger is proposing a new nuclear plant licensing bill that's as "pronuclear" as he is.. in other words, committed to the total sabotage of nuclear power development in the U.S... Our ENERGY report offers a point-by-point analysis of the text of the Schlesinger bill... showing that it would put into law every one of the worst proenvironmentalist decisions of the lower courts... including some tossed out by the higher courts... and would have the government pay the environmentalists to

carry out even more antigrowth obstructionism!...

\* \* \*

A third major strategic piece by Lyndon LaRouche makes up this issue's THIRD WORLD report... a defense of UN Ambassador Andrew Young's attacks on the British... and an exposition of the sort of positive policy toward Africa, the Mideast, and other developing regions that could not only "cool out" the bloody hot spots of the world... but provide the means for resolution of all the major problems of U.S.-USSR detente...

\* \* \*

Also in this issue: A U.S. Labor Party proposal on East-West trade that lays out the perspective that will be defining much of the political battles in this country and worldwide in the months to come... A detailed call for vastly expanded U.S.-USSR trade based on a "division of labor" for Third World development, is our ECONOMIC SURVEY... In COUNTERINTELLIGENCE, the story of British dope-pusher and presidential advisor Peter Bourne's "dirty tricks" against Colombia... and how they backfired into an international scandal that is making Bourne and his "let'em smoke dope" policies more and more of a liability for Carter... And in EUROPE, a report on the Italian Socialist congress that documents its sordid roots in the 20th century panorama of British intelligence operations...

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Giscard And Schmidt:

# New Dollar System To Confront Economic Fundamentals

America's two key allies in Western Europe, French President Giscard d'Estaing and West German Chancellor Schmidt, are pushing for an international agreement to "overhaul the world monetary system" before the summit meeting of six leading industrial nations in Bonn this July.

During the April 7-8 meeting of the European Economic Community (EEC) heads of state, held in Copenhagen, a spokesman for the West German government made an emergency phone call in the middle of the night to alert the press corps that West Germany was not supporting the proposal outlined by EEC Commission Chairman Roy Jenkins for an "independent" European solution to the international monetary crisis. The British plan, which London's press continues to lie is still on the boards, would replace dollar-denominated trade and currency transactions with increased use of "European Units of Account" — a basket of EEC currencies used only for accounting and tariff purposes.

On April 13, New York's *Journal of Commerce* not only reported that Jenkins's plan was being met with "increased skepticism" in European circles, but that the collapse of the proposal had led the Irish government to seriously consider breaking the Irish pound from its parity with the British pound, in favor of linkage with continental currencies!

### *The Golden Snake*

A recent commentary on French radio asserted that Schmidt and Giscard intend "to educate President Carter" at the July summit on the necessity of stabilization of the dollar. In preparation for their discussions with Carter, informed European corporate and banking circles report, efforts are already underway to effect stabilization of the dollar by linking it up with the six-nation European currency "snake" through a "gold-exchange" mechanism. The sources report that Switzerland may join the snake to strengthen the gold-exchange procedures.

Since the Copenhagen meeting, a wide, representative array of U.S. and European industry and banking spokesmen have issued unequivocal statements backing cooperation with the United States, as opposed to Britain's "breakaway" approach to currency problems.

In Frankfurt, U.S. and West German bankers gathered for the yearly conference of the West German Federal Banking Association, where Deutsche Bank chairman Wilfried Guth, honorary chairman Hermann Abs, and U.S. Federal Reserve Board governor Henry Wallich joined together behind transatlantic cooperation.

There is "no European solution to the weakness of the

dollar, whose fate can be determined only in Washington," Guth stated. Dollar recovery is "indispensable."

Wallich emphasized the absolute necessity of boosting U.S. exports as the essential precondition to putting the dollar on a permanently stable foundation. At the same time, Reginald Jones, chairman of General Electric corporation, demanded at an international trade conference in Houston, Texas, that the U.S. "must take leadership for expanding world trade and investment." Jones also virulently denounced protectionism as a solution to the U.S. payments deficit, stating, "(If the U.S.) builds walls to keep out the rest of the world and lets the dollar lose its position as the world's reserve currency, then the consequences for us and the rest of the world could be grave indeed..."

### *Resume North-South*

The drive to boost U.S. exports, which has gotten a strong impetus from the efforts of former Vice President Nelson Rockefeller to found a Saudi Arabian investment fund to channel petrodollars into U.S. corporate equities (see below), complements the Schmidt-Giscard attempt to resume the North-South dialogue between advanced and developing nations.

The principle involved in both cases is that recovery of the international monetary system depends on increasing levels of advanced sector industrial output, which in turn demands a political commitment to develop expanding markets for exports in the developing world. From this vantage point, Schmidt, Giscard, and other European leaders have scheduled a meeting with Jamaican President Michael Manley and other Third World spokesmen to be held in Kingston in early June.

Meanwhile, Giscard has arranged for a French-African summit for May 17 in Paris, while Chancellor Schmidt, according to the industrial daily *Handelsblatt*, is prepared to discuss formal resumption of the North-South dialogue with President Carter during their scheduled private consultations around NATO meetings at the end of this month.

### *The Laughable British*

London's sewer press lines and the *New York Times* still have not ceased their laughable accounts of British success at pushing an "independent" European recovery based on Prime Minister Callaghan's program for hyperinflation and "supranational" agency regulation of national sovereign economies. "By far the most optimistic public assessment of the meeting came from Roy Jenkins," the *London Times* reported April 10. "He

said...he had come away from (Copenhagen) confident of a 'summer of decisions...' He had been 'encouraged, even excited' by the reception given to his ideas."

As moldy as these ideas are, it is true that the French and West Germans have adopted a tolerant attitude towards Jenkins and Callaghan's intentions to use every moment until the July summit to organize for "their" solution to the crisis, namely getting rid of U.S.-dollar-financed trade. Commenting on the Copenhagen meeting, the *Handelsblatt* European affairs correspondent stressed that the internal deliberations of the EEC are not really the forum where the fate of the world economy will be decided. Rather, the private consultations, particularly the Washington meeting of Carter and Schmidt, and France's approach to Africa, will form the arena for the key battles.

—Renee Sigerson

## British 'Must Appear To Be In Control'

*Despite the fact that British Prime Minister Callaghan got nowhere with his design for "concerted economic action" at the Copenhagen meeting of Common Market leaders last weekend, and that Jenkins's plan for European monetary union received a cold rebuff, the British are trying to maintain the illusion that they are running the show. Following the meeting, Callaghan proudly told the British Parliament that the Bonn economic summit now scheduled for July 16-17 will definitely include discussion of the five-point plan which he has been urging on Western leaders for the past month. Though Callaghan admitted that the participating countries were "a long way from agreement," the present British strategy, he said, is based on maintaining the fraud that everything is under their control. Other European newspaper coverage was more accurate, as the following press excerpts indicate:*

*Times, London, April 10:*

Mr. Callaghan told journalists after the meeting that while he and his colleagues had a shared diagnosis of what was wrong with their ailing economies, they were still a long way from agreeing on the most effective remedies. "We have to look as if we are trying to get control of the situation," he said.

...By far the most optimistic public assessment of the meeting came from Roy Jenkins, the President of the Commission. He said at a press conference that he had come away from his discussions with the heads of government confident of a "summer of decisions" on closer monetary cooperation. He had been "encouraged, even excited" by the reception given to his ideas.

*Times, London, April 11:*

In a statement to the Commons, Mr. Callaghan announced proudly that it (the Bonn economic summit) would include discussion of the 5-point plan for "concerted and mutually supportive action" which he had been urging on leaders, including President Carter.... It was not claimed to be "Mr. Callaghan's summit" in so many words but after his recent diplomacy it was asserted that the other six Western governments had

accepted his proposals for a "world economic package."

*Guardian, April 11:*

British Ministers were last night congratulating themselves on a major breakthrough in world economic cooperation based upon the announcement of the date of the world economic summit.... Signs are that agreement has been reached on a cooperative approach to world problems based upon proposals put to Chancellor Schmidt and President Carter by Mr. Callaghan last month. The Bonn summit seems sure to mark a major watershed in postwar economic development, whether it succeeds or fails.

*New York Times, April 10, by Flora Lewis:*

In a meeting here last week, the leaders of the European Common Market resolved to start a recovery plan that would reduce the community's vulnerability to the fluctuations of the dollar and to what government leaders now consider the unpredictability of American policy. And while European hopes have yet to be translated into concrete decisions, they reflect a turning point in attitudes that Roy Jenkins, the president of the community's executive commission, called "very exciting" for the long-term implications of European unity.

*Le Monde, April 17, by Pierre Drouin:*

To get out of the tunnel, the efforts must converge in two directions: (1) The Europeans must still agree among themselves on the conjunctural measures to be taken. This was not the case, as we saw, at the second meeting of the Finance ministers; (2) The Americans must accept a policy of rigor. William Miller, the new president of the Federal Reserve Board, recently drew up a list of remedies to dam the inflationary pressures, aggravated by the depreciation of the dollar... the deduction of the budget deficit... a brake on wage increases... the reduction of the volume of oil imports... Very unpopular measures.

*Journal of Commerce, "Europeans Eyeing Enlarged Float," April 7:*

The new proposal, which is to be presented to the European Summit meeting in Copenhagen, would apparently allow countries with high inflation rates (i.e., Britain — ed.) to let their currencies fluctuate by wider margins than those with lower inflation rates. This is similar to the "can of worms" idea presented some years ago by French President Giscard d'Estaing. Spokesmen for some of the European countries here were highly skeptical of the whole idea. Even if the French decided to formalize their currency links with other European countries, one such spokesman said, there doesn't seem any reason for the British to do so.

*Les Echos, April 7:*

More than anyone, Schmidt wants the success of the Bonn summit in July which he took the initiative for. But by July, the stage of declarations of intent can only be gone beyond if the Europeans have something to offer the United States in exchange for a monetary accord aiming at the stabilization of the dollar. And, it is already clear that the Carter Administration, in a difficult position in its own country, will not be satisfied with half measures: the new blackmail on enriched uranium supplies is per-



haps only the first manifestation of a policy of harassment aimed at making the Europeans pay dearly for eventual American concessions.

*Journal of Commerce*, April 12:

There is "no European solution to the weakness of the dollar whose fate can be determined only in Washington," Dr. Wilfred Guth told a news conference here Monday night. Dr. Guth, co-chairman of the Deutsche Bank's management board and widely recognized as one of West Germany's top monetary experts, while "urging closer monetary cooperation within the European Community," warned against the fallacy of considering such action "as a substitute for the indispensable dollar recovery."... He also views mobilization of U.S. gold holdings to prop up the dollar as a part and parcel of an overall stabilization strategy.

*Le Figaro*, April 9:

"The time has come to demonstrate imagination and organization. We must reconcile stability and growth in a stable system of exchange relations. Europe does not have the rate of growth it should have if it had sufficient monetary cohesion." This is what Valery Giscard d'Estaing declared before going into a meeting with the eight other heads of state who were participating in the European Council at Copenhagen. The statements of the President of the Republic led observers to foresee a French initiative in economic and monetary matters. It should take the form of detailed proposals by Giscard d'Estaing.

*Le Figaro*, by Alain Vernay, April 10:

If pessimism prevailed very early on Saturday among the press correspondents who came from especially all the European capitals and Tokyo, it is principally because of a meeting, at 3 o'clock in the morning between the German correspondents and an important personality of the same nationality, who went unnamed, of course. According to his statements, authenticated the next morning, all those who thought that the Council would permit some surprising breakthrough were seriously mistaken. Serious structural problems would not be resolved by conjunctural measures... What is necessary would be a fundamental overhaul of the international monetary system.

*Süddeutsche Zeitung*, by Hans Heigert, April 8:

The EEC governments are becoming more and more ungovernable... but there is a bold plan for European integration, and Roy Jenkins is campaigning for it... the European currency union would be a big step forward to stabilizing Europe... and a European reserve should be established.... It is however uncertain whether any Bonn government, no matter what type of coalition, will ever approve such plans.

*Journal of Commerce*, "Currency Stability Plan of EC Draws Skepticism," April 13:

The European Community's goal of a wider area of currency stability to allow Europe to deal more effectively with American exchange rate policy has met with mounting skepticism. European Commis-

sion President Roy Jenkins expressed the view Wednesday that the European system of closely linked currencies should be extended and that the European Unit of Account should be used more widely for intervention and payments.... In other developments Wednesday, Lewis T. Preston, President of J.P. Morgan and Co., told stockholders that the weakness of the dollar creates "unusual and unwelcome risks for businesses, for banks and for individuals." The uncertainty in the exchange markets raises the possibility that governments might resort to controls of capital movements and trade. To restore the dollar, the U.S. needs to display credible programs to restrain inflation, to meet a great share of our energy requirements from our own resources and to sell more of our goods to foreign buyers, Mr. Preston indicated. He called on government to take the actions that will give a "convincing signal of intention or resolve." Similar remarks were made by F. Wilhelm Christians, president of the German Bankers Association in Bonn. He called for cooperation between the U.S., Europe and Japan to deal with the fundamental roots of the dollar problem.

## Europe Stands Firm On U.S. Nonproliferation Demands

A U.S. State Department spokesman officially announced April 11 in Washington that, according to the terms of the recently passed U.S. Nuclear Nonproliferation Act of 1978, the so-called Percy-Glenn Act, all pending new licensing approval for shipment of uranium to the nine countries that are members of Euratom, the European Common Market nuclear supply authority, are embargoed as of the April 9 deadline specified in that legislation.

The reason? Quite simply, the Europeans, and particularly the French and West Germans, have refused to submit to the terms of what they regard as a bad piece of legislation that unilaterally imposes vast U.S. controls over aspects of those countries' internal and foreign affairs in violation of existing international agreements.

At the April 8-9 weekend Copenhagen summit meeting of European Common Market heads of state, the nine countries drafted a letter to the U.S. government indicating readiness to "talk about" the terms of the 20-year old Euratom treaty, but refusing any formal renegotiation of the treaty terms for uranium fuel shipments, reprocessing and re-export of fuel prior to conclusion of the fuel cycle evaluation study in two years.

The issue around the little-understood Percy-Glenn Act could prove to be most destructive to United States foreign relations, not only with Europe and Japan, but also with countries like India, which depends on U.S. uranium to fuel nuclear power plants that provide electricity to the entire Bombay region.

The controversial trigger for the current showdown over U.S. nonproliferation policy is the portion of the Percy-Glenn Act which specifies that Euratom must notify the United States government, *within 30 days* of the April 9, 1978 enactment, of its initiation of renegotiation talks with the U.S. over the basic U.S.-

Euratom Treaty signed during the "Atoms for Peace" era, in 1958.

Although such discussions, once agreed to, can take place for a full year or more before reaching final terms with the U.S., in fact, the U.S. is effectively demanding terms which the majority of other nuclear nations can by no means agree to.

Section 307 of the Nuclear Nonproliferation Act of 1978, titled "Conduct Resulting in Termination of Nuclear Exports" specifies that:

No nuclear materials and equipment or sensitive nuclear technology shall be exported to...any nation or group of nations that is found by the President to have at any time after the effective date of this section...assisted, encouraged, or induced any non-nuclear weapon state to engage in activities involving source or special nuclear material...and has failed to take steps which, in the President's judgment, represents significant progress toward terminating such assistance, encouragement or inducement, or...entered into an agreement after the date of enactment of this section for the transfer of reprocessing equipment, materials, or technology to the sovereign control of a nonnuclear weapon state...

The new U.S. proliferation law gives Washington veto power over reprocessing of spent fuel use by Euratom and, therefore, veto power over Europe's fast-breeder plant construction which Europe and Japan consider vital to their survival.

As defined above, the legislation would provide unilateral U.S. cutoff of vital uranium fuel supplies to Euratom for any country, such as West Germany or France, which refuses to endorse the highly controversial concept of nonproliferation and technology transfer-control "linkage" in the U.S. law. One top U.S. nuclear expert familiar with Euratom safeguards told this reporter that the act opens "a whole can of worms" which will be "more damaging to U.S. relations with Europe and Japan than anything else we have done." He added, "No one on Capitol Hill knows what they did when they signed the Percy-Glenn nonproliferation bill."

#### *Sharp European Reaction*

• Dr. Guido Brunner, head of the European Community Energy Commission, issued a strong statement of sup-

port for the French position on April 6, stating that "we cannot negotiate under pressure," saying of the Percy Act, "It is politically not very clever to wave the prospect of a uranium supply embargo in the face of close allies," and concluding, "We are not ready to enter into substantial negotiations before the nuclear fuel cycle evaluation talks are concluded (in two years—ed.)."

• The leading West German conservative daily, *Die Welt* stated April 7 that "France is able to maintain a firm line against the United States because they already get more than half their uranium from the USSR." A leading West German regional conservative paper, *Rheinische Merkur*, stated on April 6 that if the United States ceases to supply uranium to Europe, there are reliable reports that the "South Africans could be making a three deal with the Soviet Union to process uranium," which would provide West Germany and France alternative enriched uranium supplies.

• *Le Figaro*, the leading French daily considered close to the government, in an April 5 article by Christian Guery, spelled out a detailed contingency plan for the Europeans to resist U.S. demands:

- More than 50 percent of France's supply of enriched uranium already comes from the Soviet Union.
- France is implementing a long-term policy of building up its reserves of enriched uranium, reserves which are now at a level of several months while West Germany has at least six months worth of reserves.
- By 1979, the Eurodif plant at Tricastin will begin producing enough enriched uranium to supply France's own requirements; and when it reaches full capacity in 1981, France can begin selling its surplus.
- The only short-term effects of the embargo—if carried out—would be to force France to divert a portion of heavy enriched uranium produced at the military center at Pierrelatte for research purposes, to possibly give the Soviet Union an opportunity to raise its enriched uranium prices to current U.S. levels; and finally, get Europe to give a quick green light to begin construction of the second Eurodif facility, Coredif.

—William Engdahl

# Rockefeller Foundation Report Pushes Int'l Cooperation For Energy Development

*On March 29 the Rockefeller Foundation released a far-reaching working paper on the energy crisis. Compiled by a team of international energy analysts, the report urges that the advanced capitalist nations, the Organization of Petroleum Exporting Countries, and the Least Developed Countries (LDCs) begin immediate collaboration to resolve the impending energy crisis of the 1980s, or face a severe international crisis.*

*The major policy recommendations of the report include: a need for greater petrodollar investment in the industrialized states and the LDCs; the promotion of research and development of nuclear energy as the most viable alternative to petroleum; and a major exploration and production drive to increase the world petroleum output. The report also suggests that the advanced western countries should technologically aid the Soviet Union in developing its vast petroleum resources and that the Conference of International Economic Cooperation (CIEC) known as the North-South talks should be reconvened to facilitate resolution of the energy problem as well as that of Third World development.*

*The report concludes that without cooperation now to meet these goals, there will be serious rivalries for dwindling oil which will destroy traditional alliances in the western world and precipitate a severe international crisis.*

*Here are relevant excerpts.*

## *Realizing Unrealized Opportunities*

In addition to current productive capacities, unrealized opportunities may exist in a number of oil-producer countries for further encouraging exploration, development and the application of new technologies in maximizing production. Iraq, Venezuela, and Mexico are important examples....

The danger of interstate competition for scarcer oil would be much reduced if the governments involved could be sure that large enough volumes of oil will be available in future world trade. As a minimum, governments of oil exporting countries must be persuaded that it is in their interest, and not in the industrial world's alone, to explore, develop, produce, and export at the highest feasible rate. It may be that the ultimate assurance of adequate volumes of oil in world trade rests with the understanding of exporters that below some level of restricted supply they would create a situation in which the pressures upon industrial societies could become acute... it is notable and regrettable that some industrialized nations are still somewhat ambivalent about the investment of exporters' surplus revenues in their economies.

## *On Promotion of Research and Development of Nuclear Energy*

Assured access to uranium and enrichment services are essential elements in the security of nuclear fuel

supply. In the future, the successful development and commercialization of the breeder reactor would open up the possibility of greatly extending the usefulness of uranium resources. While nonproliferation, environmental, and safety concerns must be recognized, reprocessing in order to recover plutonium from spent fuel is a necessary part of the breeder fuel cycle.

If the U.S. government meant to set a nonproliferation example for other countries by deferring indefinitely for itself the use of plutonium fuel in light water reactors, and by limiting its breeder reactor development program, perhaps the message would have been better received in other countries if it had been accomplished by redoubled U.S. efforts to develop its own indigenous energy resources, thus freeing foreign oil for others.... Instead the U.S. action retards the development of nuclear options which the U.S. itself may need in the future, without clear-cut compensating acceleration of other supply alternatives.

## *Can Coal Replace Oil for the U.S.?*

The U.S. President's goal of over 1 billion tons of annual (coal) production by 1985 — compared to 678 million tons in 1976 — constitutes a staggering financial, managerial, logistical, and environmental challenge. Even though it could be mined, it might not be unless the logistical infrastructure, labor, and capital exist, and unless the requisite environmental policies and government regulations create the possibilities for long-term contractual commitments to support expanded production and use... it may be unrealistic to expect the U.S. to produce still greater amounts of coal to help relieve European and Japanese oil dependence... in short, U.S. efforts in coal, if successful, would serve primarily to reduce U.S. demand for imported oil, thereby freeing some supply for others, and to conserve natural gas.

## *Western Technology Aid to the USSR*

The very fact that the Soviet Union is expected to become a net importer of oil, in whatever quantity, implies an argument for providing Western assistance to expedite the development of Soviet Union's own extensive energy resources.... a policy of assisting the USSR would have to take into account the fact that the other superpower — the United States — is likely to remain heavily dependent in the 1980s on external sources for supply.... the costs and benefits of investing in the USSR to provide additional energy resources must be weighed against the costs and benefits of investing an equivalent amount to develop energy resources elsewhere.

## *Third World Development*

Assisting energy Research and Development with special relevance to developing country problems will not substantially lower the total demand for oil in world

trade in the early 1980s. Nor, in any case, will it reduce the foreign exchange demands on the poorest developing countries to pay for the oil they must continue to import. Nevertheless, a long-term commitment in this field by industrial nations might also help to alleviate some North-South tension, which in itself could improve the relations between industrial nations and the oil-exporting (developing) countries. Perhaps most important of all, support for the development of alternative energy sources may help developing countries to restructure their long-term economic development plans in the light of the prospective world energy situation, and to design development strategies that avoid their becoming "hooked" on oil in the way industrial countries are now.

*The Need for An International Energy Policy*

From the OPEC perspective, public oil diplomacy is still conducted in terms of broader issues of interest to developing countries, in the context of the North-South dialogue. While bearing in mind that larger setting, the particular dangers associated with the unrestrained and uncoordinated evolution of the international oil market into the 1980s are such that encouragement should be given to the reconstruction of a multilateral forum in which those who export and those who import oil including developing and industrial countries, can work together.

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**'New Type of Cooperation  
With Third World'**

*The state-controlled French oil company, Compagnie Française des Petroles (CFP) promotion of industrial cooperation through its "Total Cooperation Industrielle" was highlighted by oil industry specialist Ralph Back in*

*the April 11 edition of the Paris financial daily Les Echos. Back recently gave prominent coverage to the development plan announced by Nelson Rockefeller in both Les Echos and French oil industry magazine Bulletin de l'Industrie Pétrolière.*

Abu Dhabi has entrusted it (Total Cooperation Industrielle — ed.) with the development of the Upper Zakum and Saath al Raaz oil fields... Algeria has put it in charge of the development of the Alrar gas field as well as the repairs of the Hassi Messaoud-Skikda pipeline, the renovation and optimal improvement of the distribution network of different fuels, quality control of Saharan crude, prospection and development of uranium mines. In India, it cooperates in geophysical, geological and hydrocarbon research... In Cameroun, it is working on the realization of a refinery, and the extension of a refinery in the Ivory Coast. In the Soviet Union, it has signed contracts for the oil networks of air fields.

All these contracts constitute not only an important supplementary financial resource for CFP — at the present rate, they bring in 50 million francs a year . . . but it is an entirely new strategy of international cooperation that it has launched and at an opportune time.

Like many institutions, OPEC for example has just called for 'new means of cooperation between oil consuming and oil producing countries.' For CFP, this has been accomplished since August 1976, when its new leadership created 'Total Cooperation Industrielle' with Jean d'Herbes as its head . . . .

Thanks to its know-how, CFP has . . . in several countries, been able to limit the interval between the discovery of a field and its beginning production under optimal conditions . . . to a record time of one year.

# Der Spiegel Circulates Fraud

*The following analysis was released on April 11, 1978 by Lyndon H. LaRouche, Jr., U.S. Labor Party candidate for President, 1976.*

The hideously fraudulent and slanderous attack on the U.S. Carter Administration in this week's issue of the British-sympathizer, Hamburg *Der Spiegel* typifies the broader range of kindred, wicked efforts to drive a wedge between Washington and the capitals of Western Europe. This problem is complicated by the fact that, while many European leaders have some good knowledge of important aspects of U.S. policy, especially President Giscard of France and probably Chancellor Helmut Schmidt of West Germany, no European capital (barring the special case of the Vatican) has a truly competent insight into the important internal characteristics of U.S. political processes at this time.

As a U.S. public figure better informed than most on the European situation, it is my duty to contribute my knowledge to counteract the fraudulent and insulting sort of British propaganda issued against President Jimmy Carter by conduits such as *Der Spiegel*. I shall not, of course, encroach upon the authority of Mr. Cyrus Vance's State Department. Nor shall I violate the confidences which I and my close associates have from certain highly placed U.S. and other quarters. Within those noted restrictions on what I may say publicly, I am qualified to report the essential profile most European political leaders do not yet comprehend, and to aid them in seeing the reality of U.S. political processes through American eyes.

## *The Neutron Bomb Issue*

Since the facts concerning the "neutron bomb" issue have now been placed in the public domain, I am plainly at liberty to summarize these facts, and to dispel the nonsensical discussion of this issue which has come recently to dominate the European press. I refer my remarks most emphatically to the attention of the *Frankfurter Allgemeine Zeitung's* Adalbert Weinstein, who would not have embarrassed himself publicly on this issue had he heeded my earlier, now fully validated advice to him.

Before — long before — the recent propaganda campaign around the "neutron bomb" erupted (during the early 1970s), the U.S. military establishment had projected the upgrading of the aging nuclear arsenal in NATO to include, possibly, an improved nuclear warhead bearing the unspectacular name of "enhanced radiation" device. The public relations agent's name of "neutron bomb" was not being wildly bruted about in press channels until recently. There was nothing secret about the matter: the matter was candidly discussed in 1973 Soviet publications.

The problem with the "enhanced radiation" (ER) device is that it has virtually no advantage except as an

*offensive* weapon of nuclear warfare. It is absolutely not a *defensive* weapon against "Warsaw Pact tanks." Its distinctive primary use is as a bombardment weapon used in place of conventional artillery-bombardment cover for one's own mechanized forces advancing into adversary territory. Its distinctive advantage over "dirtier" nuclear weapons is that its use exposes one's own forces to reduced radioactive contamination in the line of advancing march.

The difficulty with the deployment of the ER device is that the Warsaw Pact not has an equal capability for deploying its own ER device, but the deployment of ER devices in Europe gives the Warsaw Pact forces a marginal advantage because of Warsaw Pact assault capabilities for the present and in-sight period.

This would ordinarily have been the policy issue quietly mooted behind closed doors if the refurbishing of NATO nuclear arsenals had been deliberated in an ordinary way. Instead, circles in Europe and the United States linked to the British Royal Institute of International Affairs (RIIA), such as the British Secret Intelligence Service's (SIS) International Institute for Strategic Studies (IISS) division, chose to create a major publicity campaign around the "neutron bomb."

During recent months, various European circles of influence have been subjected to an orchestrated, intensive indoctrination in behalf of the "neutron bomb." The center of this indoctrination campaign has been not Washington, but London. Excepting Republican and other circles subjected to Henry Kissinger's influence, and Zbigniew Brzezinski and James R. Schlesinger within the Carter Administration itself, no section of the Carter Administration has been pushing consistently for deployment of the "neutron bomb" into Europe. Notably, Secretary Harold Brown's Department of Defense has been cautiously ambivalent on the "neutron bomb" — for good military-strategic reasons. Beginning with British-linked General Alexander Haig at Brussels, every force strongly pushing the "neutron bomb" deployment has been either British or British-linked.

The "neutron bomb" has been pushed by British circles on two pretexts.

First, the British have pushed through IISS and allied conduits the argument that the "neutron bomb" is an essential enhancement of NATO forces for a theater-limited nuclear conflict within Central Europe. This is doubly nonsensical. For the existing and in-sight balance of forces in Central Europe, neutron bomb deployment would result in a significant margin of increased disadvantage for NATO forces. Second, a theater-limited nuclear war in Central Europe is pure fantasy. Any nuclear confrontation between NATO and Warsaw Pact forces is the trip-wire for full-scale, intercontinental thermonuclear warfare.

Second, the fall-back argument of British circles has been that the "neutron bomb" can be traded off against such Warsaw Pact weapons systems as the SS-20. This is utter nonsense. The Soviets will trade for a NATO "neutron bomb" a Soviet "neutron bomb." The N-bomb is not some weapon which NATO has but the Soviets do not: it is a weapon the Soviets have been prepared to produce and deploy since no later than 1973.

Both of those popularized arguments for the neutron bomb are therefore absurd. Nor can the presumed military expertise of General Alexander Haig be invoked to create some mysterious authority for the popularized arguments. The principal facts of Haig's career ought to be noted to dispel illusions concerning his competence.

In 1968, Colonel Alexander Haig, a protégé of present U.S. Secretary of Health, Education, and Welfare Joseph Califano, was transferred to the staff of Henry Kissinger, at the Hotel Pierre in New York City, together with Morton Halperin and Daniel Ellsberg. On Kissinger's instructions, his White House office-boy Haig was promoted, out of line of promotion, to two-star general (major-general) and promoted to four-star general in 1972. Haig's 1972 promotion bypassed 240 top-ranking U.S. general officers! Haig's military history is principally as a stooge of Califano and Kissinger, an individual of whom well-informed close observer William Safire said: "Al Haig wouldn't go to the bathroom without first raising his hand and asking Henry Kissinger's permission."

It is most relevant to know that Kissinger was originally a protégé of a top British secret-intelligence agent, William Yandell Elliott of Oxford's Balliol College and Harvard University, and that Kissinger was trained for British Secret Intelligence Services during the mid-1950s at the London Tavistock Institute of the British Secret Intelligence Service.

Contrary to popular misconception, NATO is not a U.S.-directed institution, but is a British-administered institution traditionally featuring a U.S. military figurehead. Notably, the nuclear planning group within NATO was a British-designed element of NATO and is currently administered under British control. Haig's significance is that he is not only Kissinger's stooge, but a figure wholly in agreement with the covey of British flag-officers who actually administer NATO.

From a military-strategic standpoint, all of Haig's utterances on policy are pathetic nonsense. There are doubts that the man is qualified for higher rank than company commander. He is purely a political bureaucrat disguised by a military uniform.

#### *N-Bomb Not The Real Issue*

The second argument for the N-bomb — "only for trading purposes" — ought to forewarn the intelligent observer that the entire "N-bomb" issue is a British hoax.

Basic British strategy throughout the present century was laid down at the beginning of this century under the direction of Lord Milner. The first version of British "geopolitical doctrine" was developed by a Milner-led task force including the Fabian Society's Sidney Webb and the noted later exponent of geopolitics, Halford Mackinder. The doctrine was also made famous by

Major-General and Professor Haushofer and Haushofer's protégé Rudolf Hess. The doctrine in its original form was embodied in the "Parvus Plan" of the World War I period, and implanted under direct influence of Haushofer and Hess in Hitler's *Mein Kampf*.

The original versions of the British geopolitical strategy proposed deploying Germany's military forces eastward against Russia. Both versions (World War I and World War II) backfired, because in both wars Germany broke through the "prohibited western barrier" into France, rather than limiting itself to a march eastward as the British had prescribed.

Despite the efforts to resurrect the march eastward from central Europe during the post-war period — since the mid-1950s Suez Crisis — the British have moved toward an alternate version of the Mackinder-Haushofer policy concerning control of the "world-island" Eurasian landmass: an alliance among the United States, Japan, and China for total war against the Soviet Union in the Pacific. This is presently the operational commitment of leading British strategists.

British policy presently centers around the intermediate-term objectives of: (A) extracting Western Europe, step-by-step, from close alliance with the United States — taking Britain out of the projected coming world war; and (B) developing a total thermonuclear war in the Pacific (rather than the Atlantic) between the United States and Soviet Union, with China and Japan the key allies (and victims) of the Pacific anti-Soviet alliance in this Pacific-centered total war. Simultaneously eliminating the Soviet Union, the United States, China, and Japan in the Pacific war is viewed as affording London the basis for establishing its global hegemony.

To realize that intermediate-term geopolitical objective, the British deploy a variety of preparatory maneuvers in the United States, Western Europe, the Middle East, and Africa. These include: (A) forcing both the resignation of President Jimmy Carter and a series of humiliations of the United States; (B) using these humiliations of the United States to (1) establish a step-by-step break between Washington and Western Europe and (2) to turn the United States under Mondale into a fascist armed camp modeled on the Nazi machine; (C) using British treaty agreements to force the United States to deliver to Britain the technology for an independent Western European nuclear-armed force; and (D) impelling the United States toward an alternative, Pacific military alliance with China and Japan.

The British effort to push the Healey-Jenkins "Europa" currency bloc, and the creation of the flap between Europeans and Washington over U.S. strategic policies are integral parts of the preparatory, step-by-step conditioning of the strategic situation for the Pacific war scenario.

That is the key to the game being played by the management of *Der Spiegel* during the recent period.

#### *European Blind Spots*

Among European capitals — both in Western Europe and in Eastern Europe — the principal reason why none of these governments (excepting certain top French government circles) understands the internal situation

in the United States is the refusal of European political leaders to confront the reality of the British problem, firstly, and, secondly, widespread European delusions concerning the significance of Henry A. Kissinger. The effort to arrive at an understanding of the United States among European leaders generally, represents an effort to explain developments in such a way as to avoid confronting the prevailing European delusions concerning the British and Kissinger problems.

Despite the recent babbling of former President Gerald Ford and such Republican self-esteeming 1980 presidential candidates as Brock and Baker, important innermost policy circles inside the United States know and are acting upon the fact that the key United States problem is the British problem, and that Brzezinski and Schlesinger are Kissinger pawns of British circles of influence. The most important problem confronting these leading U.S. policy circles is that the anti-British coalition of forces inside the United States is barely able to balance off the pro-British forces. Consequently, the internal situation in the Carter Administration and U.S. policy circles generally represents an approximate impasse. The loyal Americans so far have barely sufficient strength to prevent the pro-British forces from pushing through hideous policies wholesale, but do not view themselves as situated yet in the position to launch a broad counterattack.

The centers of British influence inside the United States are as follows. In the major political parties, the Kennedy faction and the faction of the late Senator Hubert Humphrey (e.g. Vice-President Mondale) are totally British agents-of-influence at the top-most levels. The section of the Republican Party adhering to the influence of Henry Kissinger is also under British influence. The leadership of the AFL-CIO, notably Clayman of the industrial union division, is saturated with British agents-of-influence, as is also the case with the leadership of the United Auto workers union. The so-called Jewish Lobby, including Senator Henry Jackson of the British Columbia-influenced division of the Senate, is in effect nothing but a joint arm of the British Secret Intelligence Service and its Israeli intelligence branch-division. The neo-Fabian section of the U.S. policy and intelligence establishment, the networks of the League for Industrial Democracy, the Americans for Democratic Action, and the terrorist-linked Institute for Policy Studies, are British intelligence-controlled at the top.

This configuration is key to this writer's critical preference for President Gerald Ford in the Nov. 2, 1976 general election and the subsequent work concerning the massive vote fraud of the Nov. 2 election.

Until the developing nations capitulated to London-Kissinger pressures during the month of September 1976 in abandoning their August 1976 Colombo Resolution, this writer's U.S. Labor Party candidacy for the presidency was a serious tangible faction in the national situation. Although this writer received in fact more than 3 million of the votes cast in the Nov. 2 general election, it was clear by late September that the U.S. Labor Party's campaign had been reduced to a marginal factor by the display of cowardice and foolish cupidities among most developing-nations' governments.

The problem this writer and his party confronted during and following the last quarter of 1976 was that both leading prospective candidates for the U.S. presidency were disastrously "underqualified" for the position. However, the constellation around a Ford presidency meant a probable avoidance of the worst consequences for the upcoming economic and other strategic problems. Jimmy Carter's personal profile, the menace represented by a Vice-President Walter Mondale a heart-beat behind Carter, and the massive concentration of British agents-of-influence in the Carter campaign machine, meant that a Carter presidency placed the United States — and the world — in a most precarious situation for the months ahead.

For this reason, the writer and his party made a major successful effort to raise over \$125,000 in last-minute funds for two nationwide TV broadcasts, the first, a five-minute political message broadcast during October, the second, a half-hour address to the nation delivered on Nov. 1, 1976 next to the half-hour nationwide addresses by Ford and Carter. The Nov. 1 address had two purposes. The first, nullified by what has been proven by legal evidence to have been the most massive electoral fraud in U.S. history, was to draw sufficient votes away from Carter among trade unionists and others to ensure a Ford victory. The second was to pull together a new combination of forces in the United States around agreement on the most vital strategic issues of the months ahead.

The second objective of that broadcast was immediately realized in part and has been increasingly fruitful over the subsequent months to date. Key policy forces in the United States, representing Republicans, Democrats, trade union leaders, minorities' leaders, industrialists, financial groups, farmers, and intelligence and military professionals are building a policy alliance of growing strength, in which the U.S. Labor Party performs special roles as a principal "strategic thinktank" and a political catalyst in organizing efforts. The Nov. 1 1976 nationwide broadcast has been integral to this process, in that it established the U.S. Labor Party's leadership as being of major political stature in the shaping of U.S. policy perceptions and options.

Although the U.S. Labor Party, like its cothinkers abroad, operates under such massive, London-coordinated containment that even wealthy sympathizers of the party's work have been intimidated against making financial contributions, the threadbare, harassed forces of the writer and his associates are collaborators of a broad array of forces, and thus exceptionally qualified to report as "insiders" on the state of affairs at the highest levels within the U.S.

The general problem all of the U.S. Labor Party's collaborators confront inside the United States is the Carter problem. With the evil presence of Vice-President Walter Mondale looming in the background, the only responsible policy of all key forces in the United States is to aid in developing the incumbent President as an effective instrument in behalf of vital interests of the nation and its allies. The U.S. Labor Party and its allies are keenly, painfully aware of the limitations of President Carter, but we have no choice but to work to



make the incumbent President effective between now and 1981.

If President Carter is to be helped in his efforts to fill out the dimensions of his office, the responsible forces inside the United States must be aided to that effect by responsible leaders of other nations, especially those of continental Western Europe and Japan, and also, one would hope, the Soviet Union.

President Giscard and Chancellor Schmidt, as well as Swiss central banker Fritz Leutwiller, and the Saudi and Iranian governments, have good reasons to be distressed by President Carter's toleration of the influence of Blumenthal, Schlesinger, and Brzezinski on matters of both international economic policies and strategic political issues. Nonetheless, no responsible leader in France, the German Federal Republic, Italy, and Japan wishes to stamp his feet and run away from the United States merely because of such painful frustrations. We in the United States and honest and responsible leading forces in Europe have a common interest and a common problem of making President Carter more adequately aware of the realities, and of mobilizing the support President Carter will require to resist the pressures of the British agents-of-influence inside his Administration and the Congress.

The filthy, slanderous, and falsified attacks on President Carter by *Der Spiegel* are most unhelpful, to say the least.

The most painful problem we Americans face in our efforts to aid the incumbent President is the refusal of honest Europeans to recognize and act upon the essential feature of President Carter's difficulties. European leaders fail to openly acknowledge that the problem side of the Carter Administration is entirely a British problem.

The Soviet leadership is to be criticized most sharply on this point. Moscow knows that Kissinger is a British agent, and that Brzezinski and Schlesinger are essentially pawns of Kissinger and London. Yet, Moscow persists to the present moment in playing into attacks on the United States over issues Moscow knows to emanate not from U.S. interests but British interests and British agents-of-influence within the U.S. Moscow has but to read the latest British line in the *London Times*, the *Economist*, the *Financial Times*, the *Observer*, and the

*Guardian* to know what certain continental European publications and mouths will be babbling out the next day, and what Kissinger and Brzezinski will be babbling not less than two days later.

Naturally, since this writer is sufficiently informed of British secret intelligence and related control among the parties of continental Western Europe, and British secret intelligence influence in such places as Moscow and the foreign office of the German Democratic Republic, he is aware of the nature of the difficulties in each European continental nation in openly denouncing the British for their current "geopolitical" policies, their monetary frauds, and their international environmentalism and international terrorism. Nonetheless, the price of failing to defeat the British influence in Washington and other capitals is a deepening world depression, an upsurge of police states in Western Europe itself, as well as other locations, and almost certain thermonuclear war.

Based on the record of Europe's two world wars in this century, in consequence of Britain's geopolitical designs, one can not be childishly optimistic that the United States will not play once again the role of a "dumb giant" led around by a British chain attached to its nose, and that Europe will not once again go into the Third World War as British influence set up the two preceding world wars. One can not be naively optimistic, but must act with determination against Britain, knowing that that course of action, whatever the risks, is the only chance the human race has to secure its survival over the intermediate term.

The U.S.-directed effort should be launched on two levels. First, I encourage official bodies to deepen their collaboration with the U.S. State Department. Second, leading circles of various nations should enlarge the informal links to the proper circles of opposite numbers inside the United States. Apart from the important, direct negotiation this involves, the environment favorable to closer collaboration should be enriched, and responsible Europeans must quickly develop a correct understanding of internal U.S. policy-dynamics, an understanding contrary to that offered by Kissinger accomplices and dupes such as the *Washington Post*.

It would also be helpful to look at *Der Spiegel* with a more precise recognition of the nationality of the image reflected there.

### The Fantastic Lies of Der Spiegel

*Reprinted below are portions of a 15-page-long diatribe against the United States Administration appearing in the April 10 issue of Der Spiegel magazine.*

Relations between Bonn and Washington have reached an all-time low point following U.S. President Carter's neutron bomb decision. Chancellor Schmidt, who is deeply distraught along with other Europeans and Carter's own administration, is organizing the resistance: If Europe cannot go its own way militarily, then at least it will do so in its monetary policy.

The American-voyager Genscher has almost never been as dejected as when he summarized his impressions: The President has made impossible any

rational calculation within Alliance politics; his decisions are no longer comprehensible. Genscher's pithy remark: "He's a religious Schwärmer..."

Carter's confusing game strengthened once again Helmut Schmidt in his estimation of the American President: He considers him to be an erratic dilettante who attempts to recast his private morality into world policy-making, but who in reality is incapable of taking up the role of leader in the West....

The President's current term in office runs out in two-and-a-half years. Bonn is in the meantime setting all its hopes on that point in time: Perhaps then the American electorate will get rid of the problem of the erratic Jimmy Carter.



# Three Tough Tests For White House Foreign Policy

During the final one-third of April Jimmy Carter faces the toughest foreign policy test of his presidency. Three interlocked strategic issues will enter a decisive phase, and at stake in the outcome of these three there may well be the survival of the Administration itself. The first is the much endangered vote on the second Panama Canal

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## FOREIGN POLICY

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treaty; second, almost simultaneously, Secretary of State Cyrus Vance will arrive in Moscow for negotiations on the second Strategic Arms Limitation Treaty (SALT II), which is known to be nearly concluded due to major Soviet concessions. Thirdly, these tests coincide with the daily escalation of the confrontation building up in southern Africa (see Third World Report).

There is a concerted effort to hand Carter a series of clamorous failures, discrediting the Presidency and thus undermining the U.S.'s capacity to act in its own national interests for policies of peace and development. Where this effort is coming from is not difficult to discern. The press of Great Britain and British-connected American media have led the way in portraying Carter as weak and vacillating. And Henry Kissinger, whose loyalties to Britain are merely underlined by his treacherous recent service to the Israeli government, has personally taken charge of gulling conservatives through their anti-Soviet profile into ensuring the defeat of the White House.

Such sheep are on the verge of bleating their way into a situation in which there are mass disturbances in Panama (already begun), war in southern Africa, totally deteriorated relations with the USSR — and an Administration reduced to a weak pawn of the weak but desperate British monarchy.

The British escalated their siege of the Administration when Tory "shadow cabinet" Minister of Defense Ian Gilmour made the most savage public attack against a U.S. President since the days of Lincoln when he ridiculed Carter's decision to delay production of the so-called neutron bomb. London's *Sunday Express* carried Gilmour's speech under a banner headline, "Carter... 'This weak, scared man.'" Playing to the Tory backbenchers, Gilmour ranted, "after an orgy of

weakness and vacillation, the wrong decision has finally been reached." On cue, West German Christian Socialist Union chairman Franz Josef Strauss went completely off the deep end in characterizing Carter as the first U.S. President "to cringe before a Russian czar."

In the U.S. itself, experienced observers could not recall any occasion since the Watergate days when the British-linked press had chorused the same line so blatantly. Front-page articles in the *Washington Post*, *New York Times*, and *Christian Science Monitor*, backed by editorials, and syndicated columns by the likes of Evans and Novak, uniformly described the Administration as bewildered, dangerously confused, and erratic.

Meanwhile, Henry Kissinger was doing everything in his power to insure that no sanity would be forthcoming from the GOP. Kissinger, who only a few weeks ago visited Capitol Hill to give the Senate Republican Policy Committee a secret briefing on the Cuban "menace," told Republican policy-makers in Williamsburg, Va., on April 8, "If the Cubans can go to Angola, then we can go to Cuba."

This was the climax of Kissinger's campaign to brainwash conservatives with visions of San Juan Hill. Just two days earlier Kissinger sounded the same theme on closed circuit TV at an address for 13 Republican fundraisers held around the country. Kissinger is also whipping up criticism of the Administration for not confronting the Soviet Union in Africa and Europe.

President Carter must now decide to fight for his foreign policy initiatives. He has to carry his fight to the American people to mobilize their support for a congressional majority for the right policies. Ironically, Carter is handicapped in winning support on these issues from the productive portion of the population because of his continued stupid adherence to his unpopular energy program. Carter has most recently cut his own throat by participating in Sun Day, an insult to American technology.

Isolated from U.S. popular support, Carter has shown a fatal tendency to compromise when he has been right, on foreign policy. This has given Kissinger and the press the opening they need to crush him. The danger now looms that he will fail the upcoming tests.

If a few key Administration officials and a handful of responsible Republican leaders would confront Henry Kissinger, the controlled environment could be cracked, and the crucial tests just ahead could be victories for the American System.

## The Press Attacks Carter On:

### **THE NEUTRON BOMB...**

Washington Post, *Evans and Novak column, April 10:*

President Carter's decision to put the neutron bomb in cold storage has created a dangerous leadership crisis not only in the Western alliance he is supposed to lead but at the bewildered highest levels of his own administration as well.... An attempt to trace what happened finds disconcerting answers. Although the decision-making process is chaotic, blame attaches directly to the President, not to his aides.

Sun, *Baltimore, editorial April 10:*

The end result was essentially a non-decision — a continued deferral of production while awaiting concessions the Kremlin promptly announced it would not make. This sorry record strongly suggests the President was not in control of a key issue that could endanger prospects for a second American-Soviet strategic arms pact (SALT II).

Christian Science Monitor, *Joseph Horsch, April 13:*

The main damage is probably to relations inside the alliance. The Western allies had been led to expect the decision to build ERW (the neutron bomb). They were dismayed by the sudden change. There was also damage in Washington. The appearance of Presidential vacillation on a military issue was fresh and welcome ammunition for the opponents of the Panama Canal treaties and of a SALT II agreement.

### **THE PANAMA CANAL TREATIES...**

Washington Post, *editorial, April 13*

There is a limit to what even as hard pressed a President as Jimmy Carter ought to accept in bargaining with the likes of Dennis DeConcini. He blundered sorely in failing to anticipate the explosive Panamanian reaction to his acceptance of the DeConcini reservation the first time around....

### **VANCE'S MISSION TO AFRICA AND THE SOVIET UNION...**

New York Times, *Bernard Gwertzmann, April 13:*

The dual mission of dealing with the Rhodesian crisis in Africa and making progress in the arms talks in Moscow faces major substantive obstacles. But in addition, the Vance mission has been burdened by other problems — what some see as a weakening of President Carter's stature abroad and disagreements within the Administration.

New York Times, *James Reston, April 12:*

There is a tendency now to mock Jimmy Carter, to suggest that he is not big enough for the job, that he is confused and "indecisive," just at the point when his beginning to negotiate a strategic arms limitation agreement with the Soviets and revive the negotiations for a compromise in the Middle east... Accordingly Mr. Carter is not only getting a bad press these days but getting into serious political trouble at home and abroad. Even his most enthusiastic supporters complain that he does the right thing many times but does it in the worst possible way.

## Panama:

# Canal Treaty— Round Two In Danger

### *Carter Juggling Act on Panama*

The second Panama Canal Treaty, due to be voted on April 18, will be the first test the Administration will have to face in Congress since the escalated attacks began. The latest flap to endanger an affirmative vote on the treaty concerns a memorandum now circulating on Capitol Hill, which is based on notes of the meeting held between Frank Moore, the Administration's chief congressional liaison, and the Panamanian Ambassador.

In it Moore is described as agreeing to circulate an Administration-drafted counter resolution to the "De Concini reservation," already tacked on to the first treaty. The DeConcini reservation would allow U.S. intervention into the Canal zone after the year 2000 in the event of an emergency. The Panamanians have now stated quite openly that they doubt the Treaty, if sub-

jected to a new plebiscite, will be accepted in Panama. The DeConcini reservation "threatens Panamanian sovereignty," they argue, and they are worried about the establishment of limited sovereignty and are being urged by other Latin American governments, including Mexico and Colombia, to reject it. Now Senator DeConcini (D-Ariz.) is threatening to attach another reservation to the second Treaty giving the U.S. an immediate right to send troops into Panama to keep the canal open — a right which was renounced by the United States itself in 1936!

Senator Edward Brooke (R-Mass.) now complains that "the Carter Administration had misled the Senate by not conveying Panama's objections to Mr. DeConcini's first reservation."

According to Washington sources, Senator Paul Laxalt (R-Nev.), who has been leading the treaty opposition in

the Senate, was delighted over the whole course of events. Laxalt expected a resolution to delay the transition of the canal to Panama to be introduced next week along with another reservation which would reinstate the 1903 Treaty if the Panamanians reject the Senate's ultimate version.

## Panama on DeConcini Clause: Violates Sovereignty

*Excerpts from a March 28 note verbale by the Permanent Representative of Panama, Jorge E. Illueca, to the United Nations addressed to the Secretary-General:*

...According to its proponent, the "DeConcini Amendment" is intended to give to the United States of America the unilateral and perpetual right to "take military action on Panamanian soil without the consent of the Panamanian Government," pretending that said amendment must be construed to permit the United States to intervene in Panama in the event of labour unrest, strikes, a slow-down, or under any other pretext labeled as interference with Canal operations (see text of Senator Dennis DeConcini's statement before the United States Senate on 16 March 1978 inserted in the attached clipping of the United States *Congressional Record*, vol. 124, No. 38, pp. S3817-3818 (appendix II)).

Not only does the amendment make no reference to the régime of neutrality, but, as stated by Senator Edward Kennedy, who opposed the DeConcini Amendment,

"Panama has waited 75 years since its independence to end American occupation of its heartland. It must wait another 22 years before it achieves full control over its national territory." Now Panama is asked, in Kennedy's words, "to accept an amendment which has the ring of military interventionism — not just during this century, but for all time..."

*Statement made by Senator Dennis DeConcini in the Senate of the United States of America on 16 March 1978:*

...Although General Torrijos has brought a welcome degree of stability to Panama in recent years, it can be argued that the history of Panama is one of substantial political instability and turmoil....

The amendment contains a very specific reference to the use of military force in Panama. I believe these words are absolutely crucial because they establish the American right — which I am not convinced is adequately provided for either in the body of the treaty or the leadership amendment — to take military action if the case so warrants. It further makes it clear that the United States can take military action on Panamanian soil without the consent of the Panamanian Government.

The question of consent is also crucial. Since the main thrust of this amendment is directed toward situations in which the canal is closed because of internal difficulties in Panama — difficulties like a general strike, a political uprising, or other similar events, the consent of the Panamanians to take action would not make sense. If America is to have any rights at all under this treaty, it must have the right to act independently to protect the canal and to keep it open....

## SALT II:

# Will Administration See It Through?

"A SALT agreement is critical to U.S.-Soviet relations," declared a political analyst, underscoring his own concern about Secretary of State Cyrus Vance's trip which takes him first to Afirca, then to Moscow on April 19 for the arms limitation talks. Much depends on Vance's trip and the state of the SALT negotiations; if the progress on SALT is reversed then there will be a major strain in the U.S.-Soviet relations and the world will be set for a crisis.

The danger has been exacerbated by opponents of a SALT agreement, who believe the U.S. should engage the Soviets quickly in a confrontation. Through various press articles in the U.S. and Britain they have been pressuring Carter to make a clear show that he is not "giving in" to the Soviets. This pressure increased markedly after Carter determined not to go ahead with immediate production of the so-called neutron bomb, *repeatedly identified* as a provocation by the Soviets (see Special Report).

"Jimmy Carter's image as an American President able to lead the western alliance and deal effectively with the Soviet Union appears to be in serious and worsening trouble in Western Europe," declared the *Washington Post* April 10. This coordinated press campaign is aimed at convincing the President that he can only maintain his

credibility at home and abroad through a face-down with the Soviets. "If Carter perceives that the Soviets perceive he is a lightweight, he will be encouraged to seek a confrontation," warned a source close to the Administration. The United States would then face the choice of annihilation or a humiliating backdown.

Carter and Vance have so far maintained their commitment to a SALT agreement, despite much pressure. Chief SALT negotiator Paul Warnke last week in a speech in New York revealed that in fact 90 percent of the items for a SALT agreement have already been settled. But what is keeping SALT from being finalized is not actually U.S.-Soviet differences, but the political will of the Carter Administration to see it through the U.S. Senate. "Most people I talk to say that there is good reason for pessimism for passage of SALT, it depends on the Administration's campaign to get it through and the way they present it," declared a member of the U.N. Association.

A dangerous sign of Administration pandering to SALT has come in a speech Monday by Secretary Vance to the American Society of Newspaper Editors, in which he tried to assure the world that the U.S. was not giving away anything to the Soviets in the SALT treaty. While

discussing the need for arms agreements, Vance also prefaced his remarks about the U.S. SALT position with an attack on Soviet troop buildups in Eastern Europe and the Indian Ocean. He then outlined a negotiating posture that claimed the U.S. sought to reduce Soviet but not U.S. strategic weapons, and to impose technological restraints on the Soviets primarily, while the U.S. modernized its arsenal, specifically the cruise, the Trident and MX missiles. These proposals led to the collapse of Vance's SALT negotiating trip to the USSR last year.

### Izvestia Goes After Kissinger's Dirty Role

*The leading foreign policy observer for the Soviet government newspaper Izvestia, V. Matveev, published an article on April 7 under the title "When All Sense of Moderation is Lost."*

For the second time in recent days, former U.S. Secretary of State H. Kissinger has turned to Africa in a public speech, trying to portray recent events there in a grossly distorted fashion. What has provoked him to speak out in such an unrestrained fashion?...

From Kissinger's statements, it follows that the U.S. should more actively support Somalia in actions against Ethiopia. The social and political changes which have taken place in Ethiopia in recent years, marking the end of the feudal-monarchical order, have met with hostility in those U.S. circles for whom Africa is either a raw materials continent, or a strategic bridgehead, or both.

Explaining the goals of U.S. Africa policy in June 1976, Kissinger referred to the importance of "preventing its radicalization." This statement was condemned by many countries on the continent: on what grounds was this politician assigning himself the role of abitrer and ordergiver, telling other countries how to act?... It may also be recalled that in his time he was one of the instigators of subversion operations against the legal

government of S. Allende, which led to the fascist coup in Chile.

In a word,... this politician has not hesitated to resort to the most dubious means and devices. Not every representative of influential U.S. political circles shared in such lack of scruple.

### TASS: "J. Carter's Decision on the Neutron Weapon"

*From an April 8 Tass wire:*

U.S. President J. Carter has announced that he has taken a decision "to postpone production" of the neutron weapon. "The final decision on using enhanced radiation properties in our modernization of tactical weapons will be taken later," stressed the President's statement, published by the White House.

Judging from the content of J. Carter's announcement, however, the present decision by no means signifies a renunciation of preparations to produce and deploy the neutron weapon. The President reported that he had given "a directive to the Department of the Defense to begin work on modernizing nuclear warheads for the "Lance missiles and enhanced radiation weapons system" in anticipation of subsequent utilization of the neutron weapon with them.

"We will continue," he said, "together with our allies, to take measures for the modernization and strengthening of our military capability, both nuclear and conventional."

At the same time the President, with the obvious purpose of obtaining concessions from the Soviet Union on other, unrelated matters, tried to link the final decision on U.S. production of the neutron weapon with measures for strengthening the defense capability of the Soviet Union, which are completely unrelated to the neutron weapon. But J. Carter did not mention at all the clear proposal of the USSR to agree on a mutual basis not to produce, stockpile, or deploy the neutron weapons in any place whatsoever.

## Support For Export Policy Grows

*Last week, several prominent private industry and government spokesman added their support to programs for an expansion of U.S. exports — programs which cohere with the U.S. Labor Party-initiated campaign for expansion of the Export-Import Bank of the United States.*

### *Exim Bank Chief: What U.S. Does Best— Trade and Technology*

*United States Export-Import Bank chairman, John Moore, continued his well-known support for export growth in a speech before a conference on U.S.-Arab trade held April 6-7 in Georgetown, sponsored by the Georgetown Center for Contemporary Arab Studies.*

American labor costs have not increased that much, not as much as out competitors. The interests of the United States are served by free trade, not by protecting labor-intensive industry, but by doing what we do best...

by developing new technologies and not being afraid to sell them abroad. The answer is trade and technology...

There is little concern in Congress for... exports... Until this is gotten across to the country, we will have a weakening dollar and a trade deficit...

### *Fulbright Calls for U.S.-Arab Deals*

*Former U.S. Senator William Fulbright also addressed the same conference in Georgetown.*

The U.S. should facilitate oil-for-technology deals with the Saudis... we're not the ones risking anything when they invest... they are taking the risks... We need joint ventures elsewhere... They're (the Saudis — ed.) interested in the Third World...

The Saudis know this Administration welcomes their investments, but they see that the U.S. Administration does not want to face opposition...

I would think it appropriate for the Carter Ad-

ministration to make it clear that the United States government wants to make deals with the Arabs as the best assurance for preventing economic, political and social problems...

*U.S. Needs Clear, Comprehensive, Policy*

*John Babson, on behalf of Ingersoll-Rand's newly formed Special Committee for U.S. exports, made the following statements before the Senate subcommittee on International Trade.*

The trade deficit should be a matter of special attention because of the growing export problem which underlies it. Although it has been suggested over the last year that the rapid deterioration of the U.S. trade position was substantially caused by our heavy importation of oil, oil imports increased slightly less than \$10 billion during 1977, while the overall trade deficit climbed more than \$21 billion... An even larger part of the increase in the 1977 trade deficit can be directly attributed to inadequate U.S. export trade. The manufactured goods surplus declined in 1977 by more than 60 percent. The U.S. share of world exports fell from 13.2 percent in 1976 to 12.7 percent in 1977... This inadequacy in U.S. exports is particularly unfortunate in light of the growing importance of exports to the U.S. economy, as cited, for example, in a recent speech by Cyrus Vance before the National Governors Association... Given these considerations, it would seem imperative that the U.S. government would seek to develop a clear, comprehensive, and positive export policy. Quite the contrary, as Sen. Bentson has said:

"Foreign economic policy in the U.S. is a least common denominator, worked out by a kind of guerilla warfare among the Department of State, Treasury, Agriculture, the Fed and a whole host of other executive branch agencies!"

*Caterpillar Tractor: Expand Exim Credits*

*James Wogsland, treasurer of Caterpillar Tractor Co., called for expansion of Eximbank credits to the underdeveloped world before the Senate subcommittee hearings.*

...We believe that a signal of congressional support for more aggressive export promotion policies on the part of the Bank (Exim) is desirable... We are not looking for change in the basic self-supporting posture of the Bank, only for a modest course correction. Such a change is especially needed with respect to the developing countries which must import oil. Commercial banks are reaching their limits in terms of ability to lend to certain developing countries, and the self-financing capability of business is limited... Consideration should be given to earmarking a portion of the Bank's lending authority for non-OPEC developing countries. This is the area of the world where Eximbank is most needed and where foreign competition and other countries' export-financing agencies are most aggressive. If Eximbank's overall lending authority is increased to \$40 billion, then perhaps \$5 billion could be earmarked for developing countries with special terms and conditions on these loans...

**'If Can't Beat'em,  
Then Learn'**

*Savannah Morning News, editorial, April 6:*

SAVANNAH—Those who want tariffs and trade barriers often point to the lower wage scales in countries that compete against us. Is it right or advisable, they ask, to let their low standards of living pull down the living standards of American workers?

There is some merit in this argument, but it overlooks the fact that cheap foreign labor is only one of many reasons that we are having trouble competing.

These are evident in industries where technology and innovation are far more crucial to success than wage levels. A prime example is the steel industry with its many plants that are virtually obsolete. When they are compared to the up-to-date and highly efficient facilities of West Germany and Japan, our failure in competition needs no further explanation . . . .

But tight protection is the last thing these industries need. Without the spur of at least some foreign competition they will become even more sluggish and backward than ever.

Our companies generally do not lack the ingenuity to compete, but in all too many instances misguided federal policies deny them the means. Modernizing steel plants requires a huge amount of capital. It, however, is not available because the taxation and inflation of reckless federal spending cut deep into the store of funds to the private sector.

German and Japanese industries are not so restrained because their governments practice relatively sound fiscal policies. In many respects they are also less encumbered by the bureaucratic control and meddling that hampers our industry.

Instead of hiding from them behind a wall of protection, our government and industry should strive to learn from these competitors.

**Maryland Legislator:  
'Economic Development  
The Issue In Elections'**

*Delegate David Shapiro (D-Balt.) of the Maryland state legislature issued the following press release, commenting on the Maryland State Senate's April 6 passage of House Joint Resolution 95 — memorializing the President and the U.S. Congress to adopt policies for the expansion of the federal Export-Import Bank, the development of nuclear power, and the competent defense of the dollar.*

*Shapiro concluded his release with a prediction that*

acting Governor Blair Lee will quickly sign the memorial resolution and send it on to Washington.

Legislation similar to the Maryland memorial has already passed the Georgia legislature as well as the New York State Senate by a unanimous vote. On April 18, both Houses of the Delaware legislature will consider similar levels introduced by Assemblyman Ronald Darling (D) and Senator Berndt, a Republican. That same day Exim memorials will be introduced into the Pennsylvania State Assembly by Rep. Cohen (D-Philadelphia) and Parker (R.-Pittsburgh).

Economic development has already become the dominant issue in this year's State election. The media have widely publicized the recent Johns Hopkins Metro Center report that examines the deterioration of the Maryland economy. As the report notes, the problem is not peculiar to Maryland, but one which is affecting a significant number of states.

I have co-sponsored House Joint Resolution 95, "Tech-

nology, Production, Energy, Growth and Trade" with Delegate Casper Taylor, to indicate to both the President and Congress what type of policies are in the national interests and will provide all states with conditions appropriate for economic development. House Joint Resolution 95 requests that Congress enact a comprehensive energy program based on advanced technologies for fossil fuels, including coal, oil and natural gas, and the increased utilization of nuclear technologies, both fission and fusion. Supportive of a program to reverse our increasing trade deficit, HJR 95 calls on Congress to recharter and increase the funding base of the Export-Import Bank of the United States.

Another bill, House Bill 1164 sponsored by Delegate Casper Taylor that will lower the Maryland air quality standards to the Federal levels has passed both houses indicating the widespread support of the Legislature in its belief that Maryland must recognize the counter productive effect of excessive environmental restrictions.

## Exclusive:

# Suspected Israeli Spy Under FBI Investigation: First Casualty For Zionist Lobby?

The Federal Bureau of Investigation this month initiated an official inquiry into the activities of Steven Bryen, Middle East aide for the Senate Foreign Relations Committee and a diehard supporter of Israel. According to Senate sources, Bryen has been accused, in a sworn affidavit submitted by former National Association of

informed source, Saba coordinated his filing of an affidavit with aides to Senator James Abourezk, a vocal critic of Israel's invasion of Lebanon. The affidavit, which was filed with both the Justice Department and FBI, was then widely circulated within the state bureaucracy by the Arab press, and created a considerable stir.

For months, the source continued, Bryen had been a favored target for investigation by key State Department liaison officers with Congress, and by Defense people irate over Bryen's long-standing insistence that "whatever Israel wants, Israel gets" for its military stockpiles.

Independent investigation by the *Executive Intelligence Review* has turned up repeated incidents of Bryen pinpointing State and Defense professionals for Watergating scandals by the press. Key policymakers in Washington have in turn identified Bryen as the source of rumor campaigns to discredit Arab peace overtures and those Washington officials who are seriously committed to achieving overall peace in the Middle East region.

"Neutralizing Steve," a Zionist Senatorial aide complained last week, "would knock out our top capacity for defending Israeli arms sales. Steve is our single most knowledgeable man on arms purchases and on Israel's defense needs. There's high stakes involved, and dirty pool. It's vicious, and it's not the end of it."

Indeed, this is not the end of it. Henry Kissinger, according to Capitol Hill sources, may be the next to be targeted as an agent of a foreign power, for his role as advisor to the Israeli government; and the National Association of Arab Americans has filed an injunction with a federal court against further U.S. arms shipments to Israel on the grounds that Israel's invasion of Lebanon violated the Arms Export Control Act.

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## CONGRESS

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Arab-Americans head Michael Saba, of having given "secret Pentagon maps" of Saudi Arabia to Israel, thereby violating U.S. national security regulations.

Senate sources close to Bryen — who is himself now "on leave," supposedly because he is getting married — charge that the Bryen case is "the first in a series" of attacks against supporters of Israel in the U.S. Senate and elsewhere in the Washington policymaking apparatus.

These sources insist that a "McCarthyite smear campaign" has been initiated by State and Defense Department officials and by "officials from the Ford Administration National Security Council," specifically targeting aides to Senators Jackson and Case, whose offices are the two nerve centers of the Zionist Lobby in the Senate. Bryen was formerly an aide in Case's office.

The facts of the Bryen case certainly point to a determination on the part of the pro-peace traditionalists at the State and Defense Departments to crack down on Zionist dirty tricks operations. According to one highly

# What Carter Should Have Said

*The following analysis was released on April 13, 1978 by U.S. Labor Party Chairman Lyndon H. LaRouche, Jr.*

Informed circles in the U.S. and in European capitals are frustrated, but not despairing, by the uselessness of the mistaken analysis and unworkable proposals featured in President Jimmy Carter's much-publicized "anti-inflation" address of April 11. The consoling feature of Carter's address, in the opinion of those better-informed circles, is that President Carter did not capitulate to the kinds of policy statements strongly demanded by the British and their sympathizers in and around the Carter Administration and Congress.

In brief, President Carter is continuing to perform a kind of balancing act between the pro-American and pro-British pressures acting upon the White House. This is

the essential feature of Carter's statements on the "neutron bomb," on U.S. policy in Africa and in the Middle East, his policies on defense of the U.S. dollar, and his policies on "energy issues." The weakness of Carter's performance is that in continuing to attempt to be all things to all people simultaneously, he benefits and pleases no one, and continually undermines his own credibility and influence.

Despite the recurring representation of President Carter as a man of deep, religious moral convictions, the unfortunate truth is that Carter is a man lacking in the ability to assume a strong, independent position in favor of policies determined to be consistent with fundamental U.S. interests. Carter shows predominantly the same moral defect as Republican Presidential-nomination aspirants Brock, Baker, Dole, Ford, et al. He is not a

## Playing It Both Ways

*A sampling from President Carter's April 11 speech on economic policy shows the President attempting to make concessions to both of the factions in his Administration that are struggling for control of U.S. policy.*

*To the low-growth and austerity advocates centered around "technocrats" Treasury Secretary Blumenthal and Energy Secretary Schlesinger, Carter said:*

### *On Energy:*

"The primary reason for our problems with the balance of trade and the decreasing value of the dollar is no mystery. Ten years ago we were paying over \$2 billion a year for imported oil. This year oil imports will cost us more than \$45 billion.

"Of all the major countries in the world, the United States is the only one without a national energy policy, and because the Congress has not acted other nations will have begun to doubt our will. Holders of dollars throughout the world have interpreted our failure to act as a sign of economic weakness...."

### *On Wages and Labor:*

"I'm determined to take the lead in breaking the wage-and-price spiral by holding Federal pay increases down. Last year Federal white-collar salaries rose by more than 7 percent. I intend to propose a limit of about 5.5 percent this year, thereby setting the example for labor and industry to moderate price and wage increases.

"States and local governments employ every seventh worker in our nation. And I've sent letters this week to every governor and to the mayors of our major cities asking that they follow the Federal example and hold down their pay increases....

"Let me be blunt about this point. I am asking American workers to follow the example of federal workers and accept a lower rate of wage increase. In

return they have a right to expect a comfortable restraint in price increases for the goods and services they buy.

### *On Regulatory Agencies and Industry:*

"...I'm asking the independent regulatory agencies to try to reduce inflation when they review rate changes and to explore regulatory changes that can make the regulated agencies more efficient."

*(Carter specifically recommended regulatory attacks against the trucking, timber, hospital, and postal industries.)*

"The combined actions of my Administration and the Civil Aeronautics Board have already led to substantial cuts in some airline passenger fares...Despite the opposition of private interests, the airlines regulatory reform legislation must be enacted this year."

*To the "political" faction favoring high-technology exports and an expanded Eximbank role, and led by Special Trade Representative Robert Strauss, the President said:*

"...To prevent further serious trade imbalances, we need to export more agricultural products and goods and services to pay for our purchases abroad.

"A Cabinet-level task force headed by the Secretary of Commerce will develop these additional measures for me to promote exports and report back within 60 days.

"To accomplish our decelerating goals in the private sector, I'm asking my Special Trade Representative, Robert Strauss, to take on additional duties as a special counselor on inflation.

"He will work directly with me...He will have a specific authority to speak for me in the public interest and will be a member of the Steering Committee of the Economic Policy Group, under the chairmanship of Secretary Blumenthal."



person of strong, independent convictions of rigorous judgment, but often a leaf blown in the winds of what appears at each moment to be the prevailing consensus of opinions. The compensating advantage of a President Carter over a President Walter F. Mondale is that Carter is not committed to the evil, neo-Schachtian, British-shaped policies of a Mondale. Carter is only a weak President, not, as Mondale would be, an evil President. Carter is a man of short concentration span who is so far demonstrably unable to think an issue through rigorously.

The need in the United States is for a strong, clear voice from a coalition of policy-formulation forces. A strong climate of leading, pro-economic growth opinion must be developed, to tilt the balance of forces around the Administration in such a way that President Carter will end his present Humpty-Dumpty wobbling act, and adopt a strong, consistent position in favor of workable policies actually in the United States' vital interests.

Once the White House problem is viewed from that vantage point, the nature of the problem is clearer. Although a high-technology export program, featuring nuclear energy projects, is the only solution to the vital interests of American labor, the pro-British, Fabian influences in the UAW and AFL-CIO bureaucracy, notably including Jacob Clayman of the Industrial Union Department of the AFL-CIO, continue to be a major obstacle to trade-unionists' expressing their vital interests, and create a circumstance in which the most visible, nominal representatives of labor demand policies which are predominantly contrary to the most vital interests of working people and minority groups. This situation in the labor movement places the greatest importance on the role of traditionalist forces within the Republican and Democratic Parties, especially those linked to variously industry, progressive farming, and the traditionalist rank-and-file of the labor movement. It is British subversive influences within so-called conservative Republican, Democratic, and industrial circles which causes confusion within those ranks, and which prevents the White House from seeing a clear broad base for alternative policies.

But for continuing corruption within the Federal Election Commission and other agencies, it would have been worthwhile for the U.S. Labor Party to attempt to secure air-time for this writer to respond to President Carter's statements of April 11. For various reasons, this writer is the best qualified political economist in the world today, and best qualified to state the facts of the current dollar crisis, as well as best qualified to inform the American people of those workable alternatives which could immediately send the value of the U.S. dollar moving past the level of 2.35 deutschmarks toward the range of 3.00 deutschmarks.

#### *The Solution*

A growing number of leading forces inside the United States and other nations are currently prepared to implement precisely the sort of measures the U.S. Labor Party proposes. These measures center around proposals to augment the role of the existing U.S. Export-Import Bank. It is agreed among the best-informed governmental and private circles that a \$40 billion level of

funding for the Export-Import Bank could, with aid of private initiatives such as those launched by Nelson A. Rockefeller, lift U.S. high-technology exports by amounts ranging from \$200 to \$300 billions a year. Through such measures, the present annual export-import deficit, estimated in the order of \$60 billion for calendar year 1977 would be converted into a surplus of from \$100 to \$200 billion annually.

There are other conceivable ways of accomplishing the same result, but the use of an existing institution, the Import-Export Bank, together with existing private programs, such as that launched by Nelson A. Rockefeller, is the best choice, the most practicable choice, since it is an arrangement which existing institutions, both public and private, can proceed to put into effect for immediate results.

The essential principles beyond this solution are as follows.

The Export-Import Bank-centered approach is the cheapest, most effective way to quickly start a general economic recovery within the United States, because it makes use of the vast number of idle work-places in industry representing existing plant, machinery and equipment already invested. It is the most direct and cheapest way to reverse the pattern of rising official and hidden unemployment which has blighted the U.S. economy since the 1957 leveling-off of industrial expansion rates, and which has been accelerated repeatedly since the inflection-points of higher rates of down-turn of 1966, 1968, 1971, and 1973-1974. It is not necessary to create new work-places for quickly reversing unemployment trends. It is sufficient, for a beginning, to use the existing work-places left idled in private industry.

A \$200 to \$300 billion increase in U.S. high-technology exports means more than putting idle work-places back into production. It means the kind of increase in U.S. industrial exports which raise industries above the breakeven points, foster reinvestment in existing plant, machinery and equipment, and job-expansion in industry of the sort bringing the nation back to a full employment level.

It is the program of exports which fits the pattern of demand abroad. The petroleum-exporting nations, including OPEC nations and now joined by Mexico — potentially a major exporter of petroleum, natural gas and uranium — are committed to the proposition of converting their revenues from petroleum sales into long-term, high-technology investments in industrial development and food production. In addition, with an upturn in production in the industrialized nations, the primary-commodity exports of countries such as Zambia, Peru, Chile, and many other developing nations will increase, enabling those countries to join with OPEC nations in fostering large-scale high-technology development projects.

The market for U.S. high-technology exports is enormous. These markets are of two kinds. In part, the market is represented by direct exports of U.S. high-technology to developing nations. The second market is the purchase of U.S. capital goods for retooling and expanding export industries in France, Italy, and other industrialized nations.

The effect of such programs on the value of the U.S.



dollar is immediate and massive. Today, there are hundreds of billions of U.S. dollar debits racing about on the books of foreign financial and corporate entities, as well as piling up in the national banking systems of such nations as West Germany, Switzerland, and Japan. These dollars are largely worthless because the failure of the United States to export sufficiently means that those dollar-debits held overseas cannot be traded for U.S. goods. Once the U.S. joins with France and other allies in high-technology development projects, those same dollars which are presently becoming worthless suddenly become as good as gold. To the extent that U.S. industries represent an indispensable source of some of the best capital-goods technology in the world, purchase of U.S. capital goods by foreigners becomes the soundest investment available — an investment which cannot be made without using U.S. dollars with which to purchase such U.S. exports. Suddenly, the U.S. dollar debits which seem to be today's liability against the value of the dollar become the most valued financial assets in the hands of foreign investors in U.S. high-technology exports.

Under those circumstances, the anticipated future value of the dollar will force an immediate upvaluation of

the dollar in world financial markets, prediscouinting the rising trading value of the dollar which will occur as export programs actually get under way.

That solution to the problem of the dollar is the ABC of any sound economic approach. Nothing else will work. Anything else is useless spinning of the wheels of national policy.

There is one outstanding problem which remains to be examined, the problem of the outstanding mass of non-performing foreign indebtedness of many nations, especially among the developing nations. We shall review this problem and its solution after first reviewing the incompetent proposals stated or implied by President Carter's address of last Tuesday.

#### *The Idiocy of "Fiscal Conservatism"*

The discussion of the problems of the dollar and the related problem of inflation as reported in most of the U.S. daily press is pure nonsense.

One school, the so-called "fiscal conservative" school, proposes that since the expansion of the money supply increases the ratio of dollars to available goods for sale, that the solution to inflation is to reduce the money

## Two Views From The Press

*There were two politically significant reactions from the press to Jimmy Carter's April 11 speech.*

*The first was the predictable response from the likes of the Washington Post: "instant replay" of the latest attacks on Carter from the British press, berating him for his lack of leadership and setting the stage for the effective or actual seizure of executive power by Walter Mondale and his "technocrat faction" cronies.*

*The second took a happier form — rumors that Treasury Secretary Blumenthal had suffered a significant factional setback and may be considering resigning, opening the way for his rival, Strauss, to take a major economic post in the Administration.*

*Here are excerpts from the press illustrating both.*

*New York Post (owned by British-Australian "press lord" Rupert Murdoch), editorial, "Battle Cry or Prayer?," April 12:*

President Carter yesterday spelled out the elementary truth about inflation — the "preoccupation with self" that leads Americans "to favor sacrifice so long as someone else goes first." Will his message change anything? Or will it be one more document in his volume of collected words?

His policy on curbing inflation offered no such cures or original formulas. In fact, he argued that the remedy lies primarily in the private sector and cannot be imposed by government....In return for these admittedly symbolic acts, the President implored business and labor to follow his example by holding down prices and wages. The stick of wage and price controls was flatly ruled out, leaving Carter only the tools of the carrot and the jawbone. Will they prevail?

*The Washington Post, "Financial Community Disappointed," April 12:*

The financial community reacted with disappointment to President Carter's inflation speech yesterday, but business leaders were receptive to the President's

call for voluntary restraint among all sectors of the economy.

The President's program — the broad outlines of which were rumored for weeks — failed to convince either stock market investors or foreign currency traders.

*Washington Star, "Blumenthal Angry Over Strauss Role in War On Inflation," April 13:*

President Carter is embarking on his new strategy to combat inflation with one cabinet official who should be a major victor in that strategy, Treasury Secretary Michael Blumenthal, angered by both the designation of Robert S. Strauss as "special counselor" on inflation and the way that decision was reached.

Strauss was named... "over Blumenthal's strong objections"... Even more galling to Blumenthal, the decision to give Strauss the role as Big Casino was never passed on to the Treasury chief until the morning of Carter's speech...

Blumenthal and Council of Economic Advisors chairman Charles Schultze were "put in the embarrassing position of briefing economic reporters the night before the speech without knowing about the decision to put Strauss in charge... that is known in the capital of the free world, as elsewhere, as having egg on your face."

One source close to the Treasury Secretary described him as "not overly happy by the way it was done"....

There were hints from some quarters that Blumenthal has threatened resignation in heatedly protesting to the White House the cavalier treatment he had been given. White House officials were determinedly closed-mouthed about the incident, but none sought to dispel the notion that Blumenthal had indeed lost the policy decision and been left out in the cold!....

supply. There are various packages proposed for this purpose, all of which have the inevitable morally insane consequence of plunging the U.S. economy into the deepest of depressions.

Another school, the Keynesian "funny-money" school, proposes that the problem of unemployment must be solved by expanding the money supply and federal deficits for various military spending or other make-work projects paid for out of the government till. Since the results of such employment have no sale value in the private market for goods and services, the Humphrey-Hawkins and similar proposed make-work programs are not only as purely inflationary as the conservative critics allege, but have the more hideous feature of shifting employment from skilled productive forms to Nazi-like make-work programs of "full employment" in labor-intensive, relatively slave-labor modes.

Both kinds of proposals are economically imbecilic. Both obsessively ignore the ABCs of the problem. The problem is that the United States' industry and agriculture are not exporting sufficiently and are therefore not producing sufficiently to stop unemployment and inflation trends. The "fiscal conservative" monetarist approach would cut the flow of credit to industry while causing a relative increase in the ratio of inflationary financial speculation — resulting in a hyperinflationary depression of the kind Nazi Finance Minister Hjalmar Schacht set off in Germany. The "funny money" full employment schemes would simply worsen the inflation and would depress production to the point of shrinking the national tax-base while increasing the payrolls for make-work governmental non-productive employment.

Raising interest rates, as proposed by pro-British asset-stripper G. William Miller of the Federal Reserve, is outright insanity. A rising interest-rate prevents industry from borrowing, causing a collapse in employment levels as a result, while forcing financial flows into non-productive hyperinflationary speculations.

The common insanity of all these much-reported kinds of proposals is that they obsessively avoid facing the ABCs of the problem. They have the common feature of refusing to face the fact that the growth of industrial output and employment is the only basic solution to problems of economic decline and inflation.

The monetary problem of the U.S. economy is not that the United States is printing too many dollars. The problem is that those dollars instead of flowing into retooling of existing investments in industry and agriculture, into increased useful industrial and agricultural production, are pouring into a pyramiding of non-performing debt and speculations in debt of non-productive sorts. We must have the reduced interest-rates which favor industrial and agricultural investments and prosperity, and must take measures to penalize the income of inflation causing speculation.

This must lead to a revision of our tax laws and related governmental fiscal policies, to reduce the rates of taxation on those profits and savings which are directly reinvested in job-creating high-technology industry and agriculture, while increasing the rates of taxation on those categories of income which lie outside the real income requirements of households and outside the process of reinvestment in development of productive industry and agriculture.

In other words, either government must socialize profit-income and take over controlling the flows of capital directly, or government must maintain the capitalist private mechanisms for effecting the same results. Government must act to make it relatively more profitable to private initiative to do those things which benefit the national interest, and relatively less profitable to engage in investments which weaken the dollar and the national economy.

The history of the United States demonstrates that the most effective role of government in the economy has been not as a direct producer, but through the use of the credit for those forms of private initiative which are in the national interest. This principle is illustrated by the proposed expansion of the activity of the Eximbank. Forty billion dollars of credit-leverage of that bank can interact with private capital flows on the world market to generate levels of increase of exports in the order of \$200 to \$300 billion. In other words, \$40 billion of government-backed credit, intelligently used, can have as much benefit for the national economy as a direct \$200 to \$300 billion subsidy of the Humphrey-Hawkins model. Only an imbecile could prefer the Humphrey-Hawkins model.

Once we focus attention on the real issue — the issue of providing credit for a massive expansion of employment through activation of idled, existing work-places, we push aside as foolish and incompetent the various "fiscal conservative" and "funny money," hare-brained schemes pushed by the *Washington Post* and other British conduits.

#### *The Problems of World Debt*

The root of the present problem of the dollar is the way in which debt has pyramided inside and outside the United States, especially since the Administration of President John F. Kennedy. The Eisenhower Administration had projected an essentially viable global solution to the main political and economic problems facing the United States, around the so-called Atoms-for-Peace policy. The Nixon Administration was initially committed to reviving that Eisenhower Atoms-for-Peace program under the name of the "Rogers Plan." Unfortunately, British secret intelligence-trained Henry Kissinger was able to use his position in the National Security Council and State Department to sabotage the "Rogers Plan." So, the nuclear energy-centered economic development of Third World nations, a development which would have enabled them to carry their foreign debts, was sabotaged by British sympathizers operating within the Kennedy, Johnson, Nixon, and Ford Administrations.

In consequence of those British-influenced failures of United States domestic and foreign policy, the debt issue confronts the United States today in a twofold way. The continuation of the British colonial policy, of keeping developing nations in relative backwardness as raw materials exporters, has caused a spiralling of those nations' foreign debt obligations and a shrinking of their potential to produce to meet growing debt obligations. The result of the decline of Third World markets caused a constriction on the combined export markets of the industrialized nations. U.S. exports were thus directly constricted by the effects of shrinking Third World markets upon the capital investment programs of

Western Europe. The constriction of U.S. exports, aggravated by the inflationary effects of the prolonged Vietnam war, caused the debt-equity ratio of U.S. corporations and farms to rise.

In effect, both globally and domestically, the toleration of the British doctrines of Adam Smith and his followers by the powerful United States has caused a pyramiding of debts under circumstances of relative stagnation and current decline in the levels of production of the income from which to meet debt obligations. At present, that problem of debt has become a deadly, potentially terminal form of monetary cancer throughout most of the world. Most of the increased flow of credit, such as that pumped out of Blumenthal's Treasury and a Federal Reserve caught in that bind, is currently flowing into the refinancing of a debt which could never be paid under existing economic trends. It is the refinancing of this nonperforming, pyramided debt-structure which is the principal present cause of deadly monetary hyperinflation.

Consequently, although there exist massive opportunities for viable high-technology investments in the developing nations, those investments do not occur, because the affected nations generally cannot add new indebtedness for these investments to the mass of unpayable pyramided debt already outstanding against them. That is the sole reason for the collapse of U.S. export levels, the sole reason for the import deficit of the dollar, the sole reason for the collapse of employment levels inside the United States.

We can get around this debt problem in certain cases. The holding of large balances by OPEC nations means that these nations represent a portion of the developing sector which can immediately absorb large masses of high-technology imports on behalf of both their own economies and other economies with which they have special agreements. The case of the relationship of Saudi Arabia to the 40 million population of Egypt is an example of such special cases. It is useful to respond to that opportunity now, as an obvious way of getting the general global economic recovery under way.

However, to realize a full and sustained recovery from the present global economic depression, we must face the debt problem directly.

One approach would be to simply negotiate an international bankruptcy reorganization for those portions of outstanding debt which are clearly unpayable. A United States government led by the present writer as President could handle such a problem. The present Administration, the Carter Administration, could not. Therefore, for the present, a general debt moratorium is politically impracticable. A more flexible, resourceful approach to a solution must be adopted.

The model for a solution to such problems of indebted developing nations was developed by the first George Washington Administration under the direction of Secretary of the Treasury Alexander Hamilton. Hamilton not only stabilized the credit of the United States in the short-term, but laid the basis for longer-term results on which the economic greatness of the United States was premised. The principal features of Treasury Secretary Hamilton's method are applicable to the problem of the present situation.

On condition that developing nations are committed to

high technology industrial and agricultural development, to the principle laid by Hamilton in his 1791 *Report on Manufactures*, their future debt-repayment powers will be massive in relation to the levels of presently nonperforming debts outstanding. Therefore, the alternate, Hamiltonian solution to the Third World problem is to negotiate suitable agreements with each and every developing sector nation which commits itself to Hamiltonian policies of high-technology progress and matching national banking policies. On the basis of a nation's firm commitment to high-technology development of industry and agriculture in terms of sound projects to this effect, we must assume that the future ability of the nation to pay its debts for capital and related imports is adequately secured. If that nation will also establish Hamiltonian national banking policies, the nation's present creditors should reorganize its present foreign debt situation in such a way as to defer the bulk of payments on a suitable future time according to some suitable schedule.

Governments should be encouraged to offer grants and amnesties to such nations as part of this urgent debt-reorganization. We also have at our disposal one more means to further massive easing of those debt-burdens. The International Monetary Fund and its associated World Bank represent both a crucial portion of the nonperforming debt of developing and other nations, and institutions which could sustain a prolonged debt moratorium without adverse effects on the national banking systems of nations with holdings in the IMF and the World Bank. Furthermore, the efforts of the IMF and the World Bank to manage their debt-portfolios is the principal cause of the worsening of the present world depression, a situation which indicates that those institutions have more than outlived their tolerable usefulness under present circumstances.

The United States must propose to other governments that general debt moratoria be adopted for debt to the IMF and the World Bank. Those two, presently useless institutions, should simply be frozen for the duration of the current world monetary and economic crisis, and their books reopened for negotiated settlement of accounts at some suitable future date. No national economy or its banking system would be injured by such a measure.

The special concern of the United States involves key commercial banking institutions of our Federal Reserve System. These banking institutions are the apex of our domestic savings and credit structures, and the essential structures of credit flow for orderly financial management of industry and agriculture. Since the 1971 crisis of the dollar, a crisis forced upon the United States by the cupidity of the government of the United Kingdom, the constriction of domestic industrial growth has impelled our leading commercial banking institutions into an unwise involvement in the so-called Eurodollar market, resulting in most unhealthy ratios of nonperforming and other poor-grade debt in their portfolios, especially on foreign account.

The United States government cannot indulge itself in the moralistic attitude that these banking institutions ought to suffer the consequences of their imprudence. We cannot allow the chain-reaction in our commercial banking system such consequences imply. We must act

to stabilize and strengthen the position of the essential institutions of private savings and credit.

Two, complementary approaches must be taken through cooperation between government and our national banking system. Over the long term, by involving these institutions as participating lenders in the creation of new, viable credit for our domestic industry and agriculture, and in viable export projects, we must build up the mass of viable items in those banks' portfolios, so that the ratio of good to poor paper is improved in the portfolios of commercial institutions. The federal government and banking system as a whole can establish appropriate special discounting and other procedures for stabilizing paper held against foreign debtor accounts over the term of its rescheduled maturities.

Over the intermediate-to-long term, the policy of the government and also the banking system must be to gradually let out the "hot air" from bad foreign holdings and domestic real-estate and other affected categories of poor paper in a manner such that the losses incurred can be absorbed without destabilizing the viability of the principal affected financial institutions. Such an approach will work only on the condition that the national and world economies are enjoying sustained forms of sound expansion. Under those conditions, the frightening short-term obligations of today become the easily paid or written-off items of an expanded, more prosperous economy.

It is not necessary for the government of the United States to threaten any nation with reprisals to secure that nation's adoption of Hamiltonian principles of economic development and national banking. Those policies are already the policies of our neighbor, Mexico. Most nations of the developing sector would leap forward to make such agreements with the United States. Others, who hesitated, would soon learn the folly of their hesitation by contemplating the benefits being accrued by the nations which had agreed previously to such agreements.

#### *Basic U.S. Economic Policy*

The United States is the product of the foresight of those leading 16th and 17th century humanists of Europe who, recognizing the wickedness embedded in the oligarchical forces of anti-industrialism and zero-growth in their own nations, resolved to create on these shores a new nation, a nation built by settlers who represented the most literate, most cultured elements of the populations of Europe, a nation free of the oligarchical traditions and encumbrances which spoil the political institutions of European nations to the present day. Their purpose in so creating this new nation was modeled on the policies of Plato, the policies of the Ismaili giants of Islam, to create a new state whose existence and achievements would act as an added lever for the progress of the human race globally.

The principal architects of the United States were English Neoplatonic humanists of the 16th and 17th century-Commonwealth Party associated with John Milton. Originally, those humanists had envisaged American colonies made up of the most literate and cultured sections of the English population as the lever for uprooting the oligarchical institutions of England itself. By the end

of the French and Indian Wars, it became clear to our political forebears around Benjamin Franklin, that the political and moral degeneration of England had gone too far to hope for a foreseeable common humanist solution between the American colonies and the so-called mother country. Beginning in 1766, Franklin and others shifted the center of gravity of the American alliance from England to the humanist heirs of Richelieu, Mazarin, and Colbert in France, to the circles around the great Vergennes and Turgot. With humanist aid, America established a new nation on this continent through the League of Armed Neutrality, an alliance of the states of continental Europe against the evil Britain in behalf of the United States.

From the Treaty of Paris of 1783, when Britain was forced to reluctantly accept the independence of the United States, until the year 1863, Britain conspired to destroy the United States physically, and was prevented from making war upon the U.S. in 1863 only through the threats of Russian Czar Alexander II to make war on England and France if they intervened against the government of Abraham Lincoln. Since 1863, when Britain reluctantly accepted our nation's existence under the threat of Russian guns, Britain shifted to its fall-back position, of attempting — with some success — to subvert us, to make the United States a "dumb giant" rushing about the world in British imperialist service with a British chain attached to the nose of our nation's government.

This British subversive influence over our nation was aided by the assassination of three U.S. presidents by the British Secret Intelligence Services (SIS) — Presidents Abraham Lincoln, James Garfield and William McKinley. This British subversive influence galloped ahead immediately following the SIS assassination of President McKinley. The National Civic Foundation, the Russell Sage Foundation, and later the Brookings Institution, acted as centers of penetrating subversion of U.S. policies and institutions. The RAND Corporation is a post-World War II continuation of the subversion of the United States through dupes and traitors associated with such SIS branches as the Royal Institute of International Affairs, London's International Institute for Strategic Studies, the London Tavistock Institute, the Institute for Policy Studies, and the Rhodes Scholarship Institution. To cast a smokescreen of fraud around this subversion, SIS created not only rags such as the *New Republic*, but a legion of liars of British persuasion, such as Charles A. Beard, William James, John Dewey, and the networks of the SIS conduit, the League for International Democracy, as well as SIS's Fabian networks within our organized labor movement and other institutions.

Despite that British subversive and matching treason among pro-British American citizens, America remains America, and Britain represents to this day every policy that is the moral enemy of United States Constitutional principles and vital interests. Outside the ranks of the British-dominated liberals and radicals, the majority of our citizens are Americans in their outlooks, their essential sense of what is right and what is wrong. It is the duty of the President of the United States not merely to represent the specific electorate which has raised him

to that office. The duty of the President is to rally especially those forces of the electorate, outside the British corrupted liberal and radical strata, which are organically committed to the principles — the anti-British principles — on which this nation and its Constitution were founded.

The continuing, fundamental difference between the United States and the United Kingdom is the difference between the American system and the British system of political economy. The American system is based on the principle of scientific and technological progress both for our own nation and the world. This commitment is addressed to a more fundamental moral purpose, that of providing a society in which the essential human qualities of the individual citizen, his or her creative powers for discovering, transmitting, and assimilating knowledge, cause the citizen to value himself, herself and others for those distinctively human qualities.

The British system is based on the objective of preserving the rule of an hereditary oligarchy allied with the British monarchy. This oligarchy regards scientific and technological progress as the fundamental source of threats to its continued hegemony. That oligarchy is committed to slowing down technological progress in England itself as much as possible through keeping the rest of the world in relatively greater technological backwardness with respect to Britain. Morally, the British oligarchy is committed to halting technological progress as much as it deems feasible, to keeping the bulk of humanity in the backward, labor-intensive state which causes man to resemble morally a lower form of animal life, a beast whose labor and mode of existence are unchanged from generation to generation, just as a beast's behavior is essentially unimproved over the duration of the existence of specific varieties.

This difference between America and England was the irrepressible issue of the American Revolution. England, whose policies were typified by the wretched hoax, *The Wealth of Nations*, written by the liar Adam Smith, proposed to keep the United States in a rural-centered relative backwardness, to prevent our forefathers from developing industry and advancing our methods of commerce and agricultural technologies.

It is not surprising or accidental that the British-influenced liberals and radicals among our population and that of other nations should have been used for zero-growth movements by networks of British Secret In-

telligence Services or should be spouting the same British policies of anti-industrialist zero-growth against which the American Revolution was fought.

This is not only a matter of adhering to our Constitution, our Neoplatonic-humanist traditions. Economic development through advanced technologies is not only the absolute imperative for the human race today. Economic development, the emphasis on the creative powers of the mind of the citizen, is the indispensable practical framework of daily life in which the citizens regard themselves and others as human beings, and not as akin to lower beasts. There can be nothing but hypocrisy to speak of concern for "human rights," and to tolerate those zero-growth, antinuclear policies which deny persons the right to regard themselves as human.

The economic policy of the United States must always be a continuation of those principles governing the intent and efforts of those European humanists who made our nation possible. We exist to be a force through which the world is freed from the vestiges of decayed oligarchies and oppressive backwardness of all kinds.

Through our evolution as a nation, that continuing national moral purpose assumes a specific economic policy form. We have the most developed labor force and matching technological capabilities of any nation of the world. Our destiny, our duty, our opportunity lie chiefly in continuing to develop as the most advanced tool-maker for the world, the world center of fundamental scientific research, the ever-advancing technological giant whose export of high technology capital is the crucial element in the technological progress of other nations.

The world-historical task embedded in the foundation of our nation is only half accomplished. Until the world is transformed as our predecessors from Thales, Plato, and others understood it must be transformed, the United States must be the principal revolutionary instrument through which the whole of our species is brought into the adulthood of humanity. Our present role as the world's leading producer of advanced capital goods, as the world's scientific leader, is the central form of that task, as far as the future can be envisaged. If we recommit ourselves to the moral purpose underlying our long battle against England, we shall succeed for the foreseeable future, and shall have thereby laid a foundation such that we need not fear what fate may be in store for us beyond the foreseeable decades ahead.

## Healey Budget Makes It Official:

# Sterling In For Rout

British Chancellor of the Exchequer Denis Healey took a major political gamble last week in the announcement

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of his Spring Budget...and promptly lost, as world markets turned their backs on his attempts to create a stable atmosphere for the pound.

Heavy intervention from the Bank of England has prevented any precipitous drop in sterling since the budget's revelation, but the London Stock Exchange dropped 18 points in two days.

As one Rothschild family-linked banker put it, "The markets perceived, in spite of the *New York Times* coverage of it as reflationary, that Healy is deflating because the pound sterling is weak—he has to prop it up. In reaction to his efforts, most of our clients are pulling

out of British investments—and Britain will have its second fall in foreign exchange reserves in a row when they are next announced, triggering an even greater possible outflow.”

Indications that the U.S. dollar will be stabilizing has increased realization on the markets that the so-called British recovery is illusory. If the dollar strengthens, foreign investors have little reason to hold sterling as a “hedge” against the dollar, and the huge sums that the Bank of England has spent in market intervention in the last few weeks indicate that the collapse of the pound has already started.

Foreseeing the rise in the dollar, and the adverse effect that this would have on their ability to keep the pound buoyant, the British government is attempting to partially fund the earlier repayment of government debt (£1 billion this year, according to Healy) by floating major bond issues in New York. With the Euromarkets swimming in unwanted British paper, the government hopes to get U.S. investors to fund their deficit to the tune of \$350 million in the first issue. The lead banks and investment houses for the issue, First Boston, Morgan Stanley, and Salomon Brothers, when informed that the British are looking to the U.S. for funds while simultaneously bent on “dethroning” the dollar from its lead position in the international monetary system, indicated that they would be “reevaluating” their support for the issue, especially given the possibility of Congressional backlash against such funding attempts.

#### *Hot Money In—Hot Money Out*

A barrage of warnings from the City of London over the last two weeks indicated that the big inflow of foreign “hot money” into London since last July’s decoupling of the dollar and pound could soon flow out just as fast—especially if the dollar stabilizes. New York banking sources have indicated that \$20 billion has flowed into London since July. Of this, \$6 billion is held by the U.S. and is now in the process of being withdrawn. Additional funds, amount unspecified, are held by foreigners who are similarly liquidating their holdings, sources said.

The advice from the City, offered in several editorials from London’s major newspapers, is that Healey should ignore demands from the unions and industry to channel funds into industrial investment and instead announce a strict austerity budget which would boost confidence in the pound and therefore stop the ebb of sterling from the City.

By taking up the City’s advice, Healey has risked political oblivion: the press is already warning that this will be his last budget, and is even mooted the fall of the Callaghan government if the small Liberal Party breaks its parliamentary pact with Labour and swings its votes to the opposition Tories. Since the net value of Healey’s “reflationary” measures was £2.5 billion, significantly under the £3-4 billion demanded by the Liberals, there is a good chance that this could happen, precipitating a general election significantly before the autumn date that has been suggested by leading Labour Party officials.

In exchange for the City’s confidence, Healey has bargained away any hope of even the most tentative recovery in industrial activity. On April 11, Healey announced that the Minimum Lending Rate (bank rate)

would be hiked to 7.5 percent, a desperate move to keep funds in London as money is attracted into U.S. government paper, but a sure sign that interest rates for investment will be climbing steadily upwards, inhibiting much-needed capital investment in industry. At the same time, Healey’s “reflationary” measures, predominantly tax cuts for individuals, will at best fuel a “consumer boom” to get the government through election. Production figures are expected to be boosted by a measly 0.75 percent to a total expected growth of 3 percent in the next year. So far, this year’s production levels have remained significantly below even this figure.

#### *Dollar Stabilization with Bullish Signs*

During April 10-13, the dollar held relatively steady in the foreign markets, as it had the week before, despite the news of a \$4.5 billion monthly U.S. trade deficit which had not been prediscussed. London and New York sources predicted President Carter’s economics address April 11 would send the dollar into a new tailspin, if it did not contain hard contractionary pledges including oil-import cuts or wage-price controls. Nothing of the sort occurred, despite an April 13 *New York Times* headline, “Dollar Sags Abroad After Carter’s Speech” which itemized tiny sags in the Italian lira and so forth, but somehow omitted to discuss the state of the pound sterling at all.

Amid mounting rumors that the dollar’s chief enemy, Treasury Secretary Blumenthal, is under pressure to resign, the U.S. stock market gained 9 points April 13, reaching its best level since Nov. 11, 1977. One of Wall Street’s key international brokerage houses reported the same day that “you wouldn’t believe the confidence in the dollar in the past few weeks, tremendous European interest in U.S. convertibles (corporate bonds with a stock option), and it takes a big change, because of the high conversion premiums, to get these investors to move into these things.” The Swiss are reported to be especially active in buying dollar-denominated bonds; and, according to another leading securities house, Swiss bankers agree that the dollar has bottomed out, with the yen the only possibility for further appreciation against the U.S. currency.

#### *Dollar Investment Opportunities*

In Japan, the government made one of its not unusual statements April 13 that in fact the yen had “peaked.” More important are reports that for the first time during a dollar rebound, Japanese financial institutions are looking for opportunities in dollar investments of various sorts. According to an unconfirmed AP-Dow Jones wire April 12, corporations which have borrowed via yen-denominated bonds are trading in the yen proceeds for dollars, additionally showing confidence that bond repayments will not be too costly in terms of a stronger yen and weaker dollar. To the extent that European and Japanese business and financial elements, then, are voting with their feet for the dollar, this is a promising development to back up West German Financial Undersecretary Manfred Lahnstein’s April 12 statement to the German-American Chamber of Commerce in New York that the dollar has now stabilized and may rise to the (still modest) level of 2.10 deutschemarks to the dollar.



# Solving The World Economic Crisis Through An East-West Entente

## A Strategy For Expanded Three-Way Trade Flows Among The OECD, CMEA And Developing Nations

*This proposal was issued by Warren Hamerman, of the U.S. Labor Party's National Executive Committee on April 8, 1978.*

The collapse in trade relations, crises in capital-formation, retarded internal industrial activity, and associated severe monetary disorders in both the West and East can be reversed instantly — through a world economic development program led by the two largest industrial republics, the USA and USSR, in coordination with the advanced industrial economies of Western Europe and Japan.

It is urgently necessary to completely turn the tables on the artificially fostered antagonisms between the United States and Soviet Union, antagonisms which are against the fundamental interests of each nation and, indeed, the world community in general. Already the fragile structures of U.S.-Soviet interchange on matters of mutual economic and scientific pursuits threaten to be systematically dismantled through the "teamwork" of Zbigniew Brzezinski and Henry Kissinger in the U.S., David Owen in Britain, and an assortment of political forces associated with the interests of City of London merchant banking circles.

We propose to strengthen the rational, stabilizing initiatives centered around Cyrus Vance, Helmut Schmidt, Giscard D'Estaing, Lopez Portillo, and others through the fostering of combined private and governmental policies for expanded scientific and economic cooperation between East and West.

A straightforward general solution to the question of outstanding developing-sector debt obligations can mutually serve the fundamental, common political-economic interests for world peace and economic prosperity of the advanced-sector capitalist nations (grouped in the Organization for Economic Cooperation and Development, the OECD), the Council for Mutual Economic Assistance (CMEA, the economic grouping of the socialist nations of the Warsaw Pact), and the developing sector.

To strengthen the U.S. dollar in the near term, the United States must emphatically pursue a policy of high-technology capital goods exports of an immediate export volume of \$200-\$300 billion, in the context of an expanding world economic "pie." As an integral feature of

American policy, a strategic course of achieving an economic and scientific entente with the Soviet Union is required along three broad avenues of concern:

(1) Rather than the Middle East, Africa, Asia, and Latin America being dangerous theaters for confrontation and imminent war, *cooperative East-West high-technology, capital-intensive regional development projects in the Third World are a viable alternative.* The U.S. Labor Party has proposed a comprehensive economic development package for the Middle East which includes the Arab states of Northern Africa through the Persian Gulf region and down into the Horn of Africa as well as the state of Israel and a separate sovereign state for the Palestinian population. Similarly, the U.S. Labor Party has designed an economic development package encompassing the entirety of sub-Equatorial Africa, which subsumes economic development for Angola, South Africa, Rhodesia, and the front-line states. Concomitant overall economic development programs are urgently desirable for the Southeast Asian, Indian subcontinent, and China region, in addition to a comprehensive large-scale industrial and agricultural development package for Latin America.

(2) *Massive expansion of world production and trading levels define an appropriate context in which U.S.-USSR trade in particular must prosper.* Therefore, the artificial political restrictions imposed on U.S.-USSR trading relations demand immediate rescission. In 1977,

### U.S.-USSR Trading Downturn in 1977 (in millions of rubles)

	1975	1976	1976	1977
		Jan.-	12	Jan.-
		mos.	mos.	Sept.
Trade turnover	1,600	1,786	2,205	1,213
USSR exports	137	153	199	219
USSR imports	1,462	1,633	2,007	994

Source: U.S.-U.S.S.R. Trade & Economic Council

while the United States suffered from a \$27 billion trade imbalance, Soviet Deputy Foreign Trade Minister Sushkov estimated that Soviet-American contracts under negotiation but blocked by restrictions had a total value of between \$6 and \$12 billion. U.S. industrial exports to the USSR fell 25 percent in 1977, while agricultural exports to the Soviets fell 40 percent.

The three-point agenda for reversing this mutually disadvantageous trend is (a) repeal of the Jackson-Vanik Amendment to the Trade Act of 1974; (b) repeal of the onerous restrictions placed on the Export-Import Bank of the United States for trade with the Soviet Union, particularly in the vital field of energy production; (c) implementation of the policy recommendation of seasoned professionals in both the U.S. and USSR for the establishment of reciprocal Most Favored Nation (MFN) trading status.

"We therefore affirm as the policy of the U.S.-USSR Trade and Economic Council unqualified support of the Trade Agreement of 1972, with particular emphasis on:

- \* unconditional reciprocal MFN (Most Favored Nation) tariff treatment;
- \* availability of reciprocal credits on a normal and customary basis in the financing of exports, including use of the credit facilities of the Export-Import Bank of the United States and the credit facilities of the Soviet foreign trade organizations; and
- \* expansion of two-way trade between our countries to levels appropriate to the size of the world's two largest economies."

—From the unanimous resolution of the Fifth Annual meeting of the Directors and Members of the U.S.-USSR Trade and Economic Council in Los Angeles, Nov. 14-15, 1977.

(3) *The pursuit of a cooperative effort in joint nuclear energy development focused around advanced technologies in fusion energy, fusion-fission hybrids, and reprocessing and breeder systems is essential, alongside a high-profile, imaginative space exploration program of the Apollo-Soyuz prototype. In these areas of research and development and basic scientific advancement, already-existing bilateral exchange programs between the Soviet Union, the USA, Japan, and France may be beneficially expanded. The timely policy orientation for international scientific cooperation was eloquently addressed in the Communiqué of the International Scientific Forum on an Acceptable Nuclear Energy Future of the World held at Fort Lauderdale, Fla., Nov. 7-11, 1977. Leading scientists of the United States, USSR, Japan, France, and Canada signed a communiqué which read in part:*

Meeting the energy demand of the still rapidly rising world population with legitimate expectations of a higher standard of living calls for large-scale mobilization of labor, materials, capital, and technical and managerial skills. It should be govern-

ments' constant preoccupation to accomplish this economically and effectively to avoid overtaking the world's productive capabilities and resources of these necessities. There is an urgency to the world energy problem, which, especially in view of the long lead-times, brooks no delay in determining and executing national programs and in seeking the international cooperation to take up the tasks and share the benefits equally.

## Energy and the Developing Sector

The centerpiece for developing-sector industrialization and capital-intensive agriculture is vastly expanded world energy production, vectored toward an international nuclear energy development policy along the model of the Eisenhower Administration's "Atoms for Peace" program. For developing-sector energy needs, the "Nuplex" conception of coupling the intense source of energy to industrial processes and agricultural complexes as "radiating effects" from a nuclear plant provides an optimal combination. The Soviet Union's pioneering mass-production facility of nuclear reactors, called "Atomash," represents a most efficacious approach. Atomash, stationed on the Volga River, could float reactors for export either south, through the Volga-Don Canal to the Black Sea and Mediterranean, or north through the Volga-Baltic Canal, for cheap transport to an appropriate site.

We are presenting a comprehensive global economic development plan in which United States, West European, Japanese and Soviet capacity for nuclear power facilities exports are all expanded simultaneously.

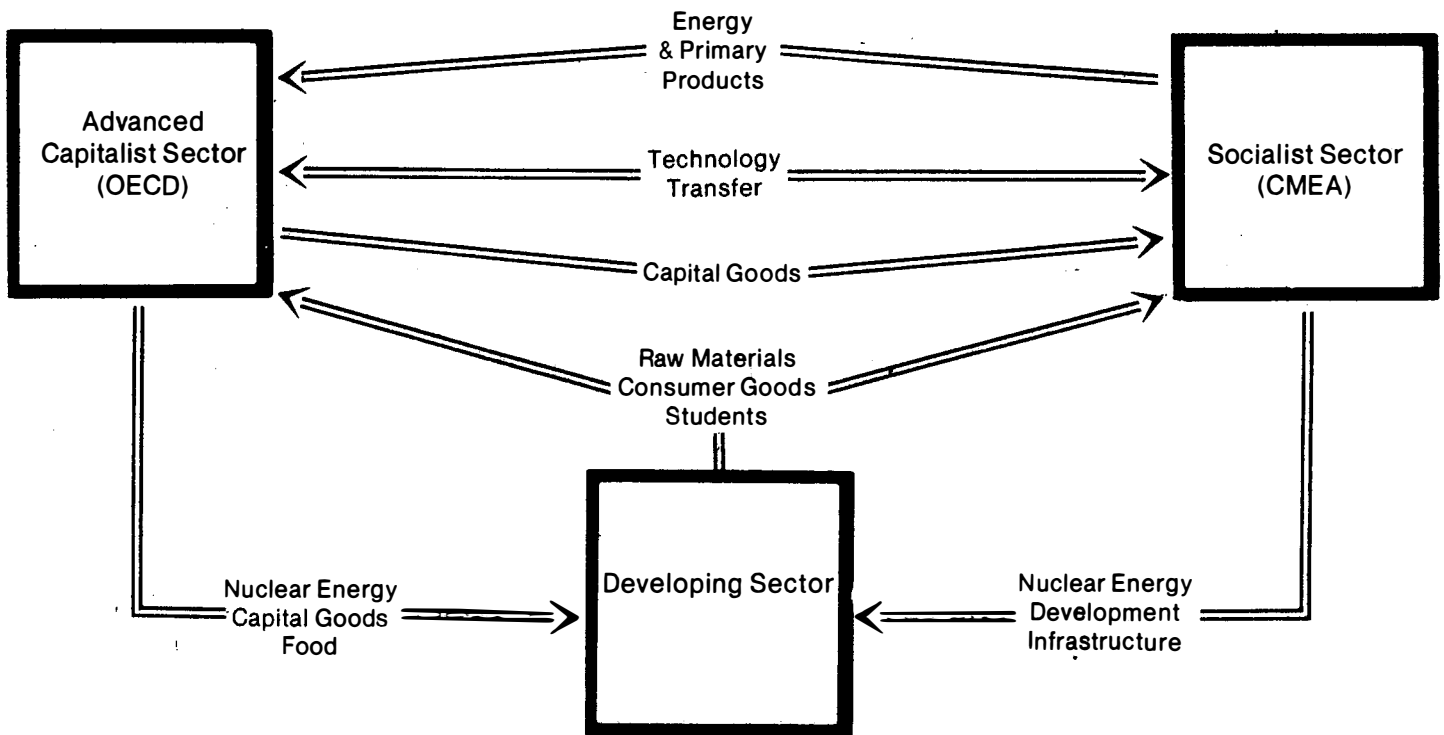
Overall the United States, the European Economic Community, Japan, and the CMEA must upgrade their national economies to reach a common production goal of 250 nuclear power plants with a combined power output of 250 GW (gigawatts) *annually* by the year 1985. About two-thirds of these plants are intended for domestic installation and one-third for export into developing-sector nations. Such a program, which reflects approximately a tripling of existing advanced-sector production capacity over a seven-year period, would lay the basis — in new capital formation, research and development capacity, and, most importantly, in the generation of sufficient skilled labor, engineering, and scientific manpower worldwide — to allow for a transition to fusion energy as a commercial energy source.

## Financing An East-West Entente

The financing of a global economic development strategy presents no insurmountable technical problems. As is generally recognized among responsible economists, the U.S. dollar is the only currency with sufficient volume to function as a world trading currency. Common 1977 estimates put the level of U.S. dollar volume in total world trade as approximately 70 percent of all currency trading accounts. Therefore, world trade as a whole suffered drastically from the dollar's 1977 fall of roughly 16 percent in value against the West German mark, 24 percent against the Swiss



## Three-Way Trade Flows in an Expanding World Economy



franc, and 19 percent against the Japanese yen as a result of the "malign neglect" policies of Secretary of the Treasury Blumenthal.

The basis for financing a world development program is to strengthen the dollar through drying up the speculative matrix of the City of London, offshore Caribbean, and Singapore Eurodollar market. The procedure must be an orderly absorption of ill-used Eurodollar liquidity, retransformed into strictly hard-commodity trading credits for real production. This procedure is best served through a combined governmental and private sector antispeculation operation which avoids the dangers of both hyperinflation and deflationary collapse.

In the United States, appropriate procedures combine an expanded role for the Export-Import Bank entering into consortia with private, commercial banks as well as efforts along the lines of Nelson Rockefeller's intended private energy and food production development corporation, which is intended to utilize OPEC surplus. (See "A Proposal to Expand the Export-Import Bank: A Report to the Congress on U.S. Export Policy," *Executive Intelligence Review Special Supplement*, February 11, 1978.)

For Western Europe and Japan, the concentrated efforts of central and private banks to consolidate an industrial banking center in Luxembourg has the potential to directly absorb ill-used liquidity on the Euro-currency market for redeployment into strictly hard-commodity trading credits, for the advantage of Third World development projects. Finally, what may be characterized as the "prodevelopment" transfer ruble proposal is an excellent and workable basis for CMEA

interface. The "prodevelopment" characterization is to distinguish the wanted proposal from the City of London and Hungarian Central Bank's formula for the speculative utilization of CMEA foreign debt to prop up inflated balances held through London merchant banking control.

Instead, we propose a geometry whose invariant is the drying up of purely speculative markets and practices. In the context of capital-intensive development projects, convertible T-ruble balances will be used in three-way trade among the CMEA, OECD and developing nations provided that the following four fundamentals of a new world monetary order are implemented:

1. The nonperforming foreign debt balances of the developing sector, especially that of the less developed countries (LDCs), owed on account to the International Monetary Fund and World Bank should be "frozen." Given the special nature and history of the IMF and World Bank, a generally agreed-upon freeze on outstanding obligations will not have adverse chain-reaction effects to the overall international banking system. Instead, the freeze will open developing-sector markets to OECD and CMEA exports by freeing Third World nations from genocidal looting programs of austerity and small-plot labor-intensive agriculture.

2. The remaining private sector debt, as well as new debt for expanded imports of the developing sector, must be reorganized around "Hamiltonian" national banking procedures, similar to those pursued for "home improvements" by our first Secretary of the Treasury and, adopted by the governments of Mexico and

Venezuela in the past months. The Hamiltonian approach is to issue selective easy credit to capital formation, infrastructure, and other real productive investment centered around industrialized agricultural techniques and expanding manufacture. At the same time, speculative investments in real estate, raw materials pricing manipulations, and debt pyramiding are penalized through high interest rates and other means. The specific goal of Hamiltonian banking in sovereign republics is to allow the conditions for actual national sovereignty to develop through the rapid development of skilled manpower. Labor productivity is advanced through technology transfers to industrial and agricultural processes. Therefore, the economic premium in society is placed on the education and training of quantities of skilled labor, of engineering and scientific strata. In Hamilton's terminology this condition was referred to as increases in the "productive powers of labor." In the CMEA nations the same condition is characterized as increases in "labor power."

3. The appropriate monetary interfacing arrangements for three-way trade among the CMEA, OECD, and developing sector can be mutually determined only on a gold reserve basis. The gold reserve feature flows from the necessary reorganization of the OECD nations into a gold-reserve monetary system. The deployment of American gold in the proper fashion, at market prices, will immediately strengthen the dollar for restabilizing the world monetary system.

4. The target of new monetary arrangements is to allow for the extension of long-term, low-interest loans and credits for large-scale Third World development projects. John Moore, chairman of the U.S. Eximbank, recently advanced a proposal to issue 18-to-20-year credits at extremely low interest rates for capital-intensive developing sector programs. The appropriate Soviet lending model can be seen in the recent \$2 billion credit extended to Morocco for the development of phosphate mines, refining, a port, and a railroad... *a 20 year credit at 2.5 percent interest.* The West Europeans and Japanese have assembled special "packages" of combined development assistance, guarantees, and export credits at long-term low-interest for developing sector large-scale development orders. The special arrangements of the Japanese Export-Import Bank and the French policy of preferential credits to the Soviet Union

define a mechanism whereby CMEA trading expansion can contribute to the overall development of expanding world trade.

## Soviet Contributions to Third World Development

In 1977, 13 percent of Soviet trade was with developing sector nations and 15 percent of Soviet exports in all went to the developing sector. S. Skachkov, the chairman of the USSR State Committee for External Economic Relations, has indicated that 70 percent of Soviet programs for the developing sector are aimed at industrial development. Before inspecting the overall Soviet capability for contributing to Third World development in cooperation with the West on an expanded scale, one central theme must be underscored.

In order to drastically upgrade the CMEA's economic development contributions outside the CMEA, the industrial and energy capacity of the Soviet economy must be expanded through U.S. and other OECD capital-goods trade. Secondly, CMEA agricultural production methods must be rapidly upgraded along the model of American energy-intensive, capital-intensive, large-scale agribusiness.

In the Soviet sector approximately one-third of the total labor force is directly engaged in agriculture, compared with only 3 percent of the U.S. workforce in the far more productive U.S. agricultural industry. To free greater numbers of the Soviet population for industrial jobs and to adopt a capital-intensive agricultural "high-yield" approach, the CMEA needs millions of additional metric tons of fertilizer, and millions more tractors, combines, trucks, and other capital goods for drainage and irrigation systems. Already-existing programs "in embryo" will provide an excellent basis upon which to build. For example, the Japanese are already building approximately 10 fertilizer-related chemical plants in Siberia.

The rapid capital expansion of Soviet agriculture and industry is a function of the amount of military production that can be shifted to other production. As a viable East-West economic entente picks up momentum, allowing for such shifts of skilled manpower and productive capacity away from strictly military production, the potential expansionary output of the CMEA economies is enormous.

	TURNOVER		EXPORTS		IMPORTS	
	Total	Capitalist Sector	Total	Capitalist Sector	Total	Capitalist Sector
1970	151	168	155	157	147	179
1975	347	564	324	436	371	693
1976	389	664	378	557	400	771
1980 (Plan)	462	NA	NA	NA	NA	NA

Growth of Soviet trade and trade with advanced capitalist sector (1965 = 100).

Source: Soviet yearbooks and *Ekonomicheskaya Gazeta*.

The economic gameplan will be to expand, in particular, on Siberia's export base, especially in the fuel industries, the power-utilizing sectors of ferrous and non-ferrous metallurgy, and the chemical, petrochemical, and pulp-and-paper industries. Already Western Siberia has approximately 200 factories producing export goods for countries on all five continents. The biggest purchasers of Soviet imports in the advanced sector are France, Italy, Finland, Great Britain, West Germany, Japan, and Sweden. Eastern Siberia's economic export potential is associated with the region's richness in timber, coal reserves, nonferrous and rare metals, iron ores, magnesites, mica, asbestos, sodium chloride, carbonates, and other minerals. Therefore, metallurgy, iron-and-steel works, timber, engineering goods, chemicals, and fertilizer production indicate excellent export potential.

In terms of the highly desirable U.S. involvement in Soviet energy development, the progress in the Soviet-American-Japanese project to develop the vast natural gas resources of Eastern Siberia's Yakutsk region fields is of profound interest. The OECD consortium partners — Occidental Petroleum and El Paso Company of the United States, and Tokyo Gas of Japan — have received Soviet studies confirming at least 1 trillion cubic meters of natural gas in the Yakutsk fields. The next stage of the project is determination of overall financing as well as constructing a pipeline as long as the Alaska pipeline from Yakutsk to the Pacific Coast. Plans for extraction and liquification facilities will also be determined. Estimates of the Yakutsk deal's final size range from \$10 billion to \$20 billion.

The Soviets also have plans of potential joint OECD interest in large-scale projects in the Western Siberian Tyumen region oil fields for industrial-primary products complexes in Tobolsk and Tomsk, as well as a Central Siberian Yeniseisk complex. Outside the energy field, Soviet trade officials have invited Western participation in expanding Soviet truck production while shifting to diesel fuel vehicles, in the spirit of the Kama River project and the groundbreaking Gorky auto plant built by the Ford Motor Company in the 1930s. Special high-technology metallurgical plants and the advancement of light industry in anticipation of the Moscow Olympics

	Percent of Total Turnover	Percent of Exports	Percent of Imports
1965	19	19	19
1970	21	19	24
1975	31	25	36
1976	32	28	37
1977 (Jan-June)	29	25	34

Portion of Soviet trade with capitalist sector (1965-1977).  
Source: Soviet yearbooks and *Foreign Trade*.

### East European Debt To The West (conservative estimates)

(billions of U.S. \$)

	end 1970	end 1974	end 1975	end 1976 (estimates)	mid-1977 (NSIPS estimates)
Bulgaria	n.a.	1.7	2.4	2.8	n.a.
Czechoslovakia	n.a.	1.1	1.5	2.1	2.5
DDR	n.a.	3.6	4.9	5.8 <sup>(1)</sup>	6.5
Hungary	n.a.	2.3	3.2	3.5	4.0
Poland	n.a.	4.9	7.8	10.4	12.0
Rumania	n.a.	2.4	2.8	2.8	n.a.
USSR	2.5	5.9	11.4	14.4	16.0
<b>TOTAL</b>	8.3	21.9	34.0	41.8	n.a.
<b>Comecon Banks</b>	0.0	2.1	2.8	3.5	n.a.
<b>Overall Total</b>	8.3	24.0	36.8	45.3	n.a.

Note: (1) In the case of the DDR, about \$1 billion should be added, representing interest-free "swing" facility credits from West Germany for "intra-German" trade.

Sources: 1970, 1974, 1975 based on data provided by Chase Manhattan Bank, 1976 based on estimates of Chase Manhattan and Morgan's *World Financial Markets*.

would be ideal for expanding U.S. and other OECD trading opportunities as well.

If the Soviet capacity to upgrade exports to the developing sector is advanced through the types of projects indicated above — which in themselves will be greatly to the advantage of Western industry — in the proposed entente the USSR must vastly expand the sorts of projects they are already engaged in in the Third World. The specific Soviet contribution in the developing sector is best designated for infrastructure development — roads, schools, power plants, railroads, irrigation projects and so forth. Soviet railroad construction in Iran and Syria indicates the desired potential. In Iran the Soviets rebuilt and electrified 146 kilometers of railroad from Julfa to Tebriz, while in Syria, they completed a 754 kilometer main line to the coast (Kamyshla-Latakia) and built 325 kilometers of other lines for a developing sector total in 1976 of 1,225 kilometers (not all new). The special Soviet capacity for nuclear energy exports has already been highlighted. One may also note in passing the necessary contributions of Soviet educators to training engineers and scientists.

The traditional Soviet emphasis on steel plant construction in developing-sector nations (India, Iran, Turkey, Pakistan, Algeria) may very well be less advantageous than the concentration on infrastructure in an OECD-CMEA combined package. The potential Soviet rail construction capability could be directed to southern Africa or the Middle East on an expanded scale. The overall desired approach is for large-scale OECD-CMEA regional projects instead of isolated "bootstrapping" arrangements for discrete client states.

The Soviet role in the context of an East-West entente for Third World development would be different than what their correct approach was in the context of going into areas alone. The benefits of previous Soviet contributions are best illustrated with the Soviet-built Bhilai plant in India which alone produces 30 percent of India's

iron and steel and 65 percent of its rails. The USSR is currently expanding the Bhilai complex from 2.5 to 4 million tons capacity, and also enlarging the Bokaro steel works by one-third.

It should be apparent that in the context of the indicated gear-up of a CMEA export potential, the widely sloganized "issue" of CMEA nations' approximate \$50 billion foreign debt presents no problem at all, except for the special case of Poland, which may be considered the East bloc's "Italy." Despite the fact that the CMEA nations will initially continue to run a trade imbalance with the USA and the OECD in general, the only limitation on CMEA ability to meet those debt obligations for the purchase of high-technology capital goods imports is the limit of demand in developing sector markets for CMEA exports. With the large-scale utilization of Soviet export potential for Third World development outlined in this proposal, in combination with OECD export gear-up, a substantial CMEA export earning will accumulate at accelerating rates based on the rate of real Third World development accomplished. Thus, in addition to Soviet primary commodity exports, the CMEA nations will be achieving higher internal economic growth rates as a function of expanding export potential.

The proposal to utilize the T-ruble, the CMEA internal unit of account, for non-CMEA nations is not novel. It originated during the 1960s, as part of a Soviet effort to win allegiance in the developing sector and to organize a Conference on Security and Cooperation in Europe (CSCE) based on the policy of economic development and security guarantees for "Europe from the Atlantic to the Urals." However, political disorganizing by City of London-directed forces, as well as technical deficiencies, prevented its realization.

In December 1976, in the climate of deepening economic crisis in the advanced sector, the CMEA's International Bank for Economic Cooperation (IBEC) reissued the proposal with new provisions. Since that re-issuance, two diametrically opposed notions of a T-ruble interface have circulated.

The one compatible with our East-West entente proposal recognizes the T-ruble as a simple method of clearing trade accounts in the context of a global development strategy. The City of London conception prevalent in merchant banking-speculation houses would be to utilize the T-ruble currency as a looting mechanism, under the pretext of calling in Eurocurrency obligations, thereby bringing the CMEA economies under monetarist control. Jacob Javits, among others, would like to bring the CMEA under IMF "discipline."

The political "come-on" to the CMEA nations used by City of London monetarists has been to sell the proposal as a weapon against the U.S. dollar. However, the starting point for an East-West entente for world real economic growth is predicated on strengthening the dollar and restricting the use of gold-backed currencies to strictly hard trading units of account. Therefore the arguments of Kissinger, Brzezinski, Javits, Jackson, et al. about so-called "strategic adversity" resulting from CMEA economic growth are specious. We aim to strengthen the position of the pro-American, anti-British forces within the CMEA.

With a true East-West entente centered around Third World development and global nuclear energy utilization, we will achieve not merely world peace. We will be on the way to ensuring that the world's population as a whole enters the 21st century.

# Schlesinger's Licensing Bill: From Bad to Worse

Although the press has reported favorably on James Schlesinger's Nuclear Licensing and Siting Bill of 1978, a study of the provisions of the bill reveals features which, if the bill becomes law, will further sabotage existing nuclear development and undermine efforts to develop cheap nuclear energy.

Nevertheless, well-meaning industrialists who favor nuclear energy development have recently been heard muttering that perhaps the Schlesinger bill is just about the best that industry can hope for; that it is far better than earlier drafts of the proposed bill. The press has presented the bill in an even more favorable light. The *New York Times*, for example claims the bill will substantially reduce the amount of time required from the conception and siting of a particular nuclear plant to its licensed operation. This process now takes up to 12 years — Schlesinger claims his proposals will reduce the total time to six years.

Energy Secretary Schlesinger is counting on this piece of political bait to divert attention from his previously announced commitment to energy cutbacks and de-industrialization.

Examination of the bill reveals that Schlesinger's pose as the "pronuclear" voice in the Administration is merely an excellent illustration of the Secretary's self-professed political method of "calculated cheating."

In fact, Schlesinger proposes to write into law every major case and law precedent environmentalists have won or tried to win through the courts. The National Environmental Policy Act (NEPA) does not specify at all the manner in which environmental concerns must be considered in the construction and operation of a nuclear plant. NEPA merely states that environmental concerns must be considered. It is lower court precedent, based on environmentalist interventions into the Atomic Energy Commission and Nuclear Regulatory Commission licensing procedures, which has established the NEPA as the environmentalist gauntlet for nuclear reactors.

That lower court case precedent was presented to the Supreme Court for review in the *Consumers Power* and *Vermont Yankee* cases, which were decided last week. In those decisions, merely a partial review of procedure under NEPA, the Supreme Court threw out five years of lower court-ordered obstructionist procedures, citing the existing intention of Congress to develop nuclear power.

The Schlesinger bill now aims to have Congress place its seal of approval on exactly the same obstructionist procedures.

The bill is intended to "improve the nuclear siting and licensing process, and for other purposes." The bill does contain certain lures designed to lure the unwary and placate companies already desperately stalled in

building procedures. It would permit the licensing of a standardized reactor design. It would permit the utilities to select potential nuclear plant sites up to 20 years before construction and win preliminary approval for their use. However, these licensing procedures, which are supposed to facilitate rapid plant construction, are predicated on environmental evaluation procedures which will make licensing actually impossible. That is apparently the "other purpose" of the bill.

The key environmentalist concepts which "pro-nuclear" Energy Secretary Schlesinger would have Congress enact into law are these:

#### *Subsidizing Environmentalists' Courtroom Antics:*

A five-year "experimental" program to pay the costs of intervenors in nuclear licensing and rule-making procedures. Environmentalists, with the sponsorship of Senator Edward Kennedy, have tried twice to have Congress pass such a law. Congress to date has refused to create a subsidized "right" for individuals to obstruct the development of the energy resources vitally needed to maintain the standard of living of the entire population.

#### *Pot-Luck Planning:*

A statutory "right" to "full and open public participation in planning, siting, and licensing of nuclear power reactors." The current standard, which has permitted practically unlimited environmentalist intervention in nuclear licensing matters, extends far beyond that prescribed for almost any other federal agency. It was established in the *Calvert Cliffs* case in 1971 by the D.C. Circuit Court of Appeals. Then-Atomic Energy Commission chairman Schlesinger refused to appeal the D.C. Circuit decision, despite its clear and devastating impact on the nuclear licensing process. The Supreme Court has yet to review its application. The Schlesinger bill will make certain they never do.

Environmentalists have attempted to win full standing for conservation as an alternative to energy production in the *Consumers Power* case. The Supreme Court ruled that the idea of conservation was vague, undefined, and could not even be considered as an alternative unless extremely specifically defined.

#### *Nuclear Equals No Nuclear:*

Decisions on the need for energy facilities are based on consideration of "alternative sources of energy" including conservation, solar power, coal, and nuclear power, as well as "other economically feasible technologies." The Schlesinger bill would declare as policy that "conservation," i.e., austerity, and solar

power, a labor-intensive and retrogressive technology, have equal standing with nuclear power — thereby overriding the policy statement of the Atomic Energy Act.

*Eliminating Problem-Solving:*

Adequate protection of public health and safety is the "paramount consideration." With this stated purpose, Schlesinger introduces through the back door the persistent efforts to halt nuclear power plant construction until the *final* solution of waste disposal and other long-term technical questions. This tactic has been used in California to prevent the construction of *any* nuclear plants.

Environmentalists claim that the weight of a statistically infinitesimal risk of nuclear accidents is greater than that of the general welfare of the population which would be served by energy production.

*No "Need" For Energy:*

The bill substitutes an evaluation of "need" for energy production as opposed to the current "demand" criterion. The "need" criterion, first proposed by environmentalist planner Barry Commoner, envisions the evaluation of how the energy produced by a particular plant would be used. Does the state of Michigan "need" to produce electrical power to supply Dow Chemical which manufactures chlorinated hydrocarbons? Environmentalists attempted to establish the "need"

criterion in the *Consumers Power* case. The court refused to consider their argument.

*States' Rights Uber Alles:*

Finally, the bill would make impossible the development of any national nuclear power production program by creating a "right" for every state, region, or subdivision to determine for itself the need for a nuclear power generating plant and make the definitive environmental evaluation of any proposed plant.

Under these provisions, any city, town or other administrative unit could qualify to make energy planning decisions which affect the entire nation. Once such a decision is made, according to the proposed bill, its substance would be unappealable. The court system would still have the right to procedural review.

A glance at the obstacles California Governor Jerry Brown has placed in the way of nuclear power development in that state, through his *now* unconstitutional usurpation of the regulatory prerogatives of the Nuclear Regulatory Commission, should provide an excellent model for how Schlesinger's proposals would look in action. Nuclear plants would simply not be built in entire areas of the nation. No national energy development planning could take place.

The Nuclear Licensing and Siting Bill is now before the House Interior Committee's Subcommittee on Energy and the Environment, chaired by Rep. Morris Udall. Hearings will begin shortly.

## McCormack Clinches Committee Breeder Victory

On April 12, the House Science and Technology Committee killed the James Schlesinger and Rep. Walter Flowers compromise amendment on the Clinch River project and instead voted 27 to 12 to send to the House floor the alternate amendment proposed by Oak Ridge Congresswoman Marilyn Lloyd.

The Lloyd amendment provides \$172.5 million for construction and \$35 million for a 30-month study of alternate breeder technologies.

Energy Secretary Schlesinger had proposed a compromise in late March that promised the 30-month study of substitute breeder programs in exchange for allowing the Carter Administration to divert the \$80 million approved for the Clinch River breeder reactor into a two-year study which would phase out the project.

Despite intensive lobbying by Schlesinger and the threat of a presidential veto, committee members held

firm. As one probreeder congressman put it, "We have a responsibility as representatives to do what this country needs and cannot be deterred by the threat of a veto."

Leading the fight for the Lloyd amendment was Rep. Mike McCormack, a former nuclear physicist at the Hanford, Wash. research labs. who told a *Fusion Magazine* Washington D.C. correspondent on the day of the vote:

The action by the Science Committee today in continuing the Clinch River Breeder program is a major victory for the American people. The breeder program is absolutely essential to providing adequate supplies of energy to this nation. Without the breeder program, this country would face economic catastrophe before the end of the century, perhaps before 1990. Today's vote tells the world that Congress intends to reduce American dependence on imported oil and to produce the cleanest, cheapest, safest, and most environmentally acceptable source of energy available to this country.

# Colombians Judo Dope-Pusher Bourne's Smear Tactics

For more than a year, Dr. Peter Bourne has been trying to blackmail the government of Colombia on behalf of World Bank policy. But the effort has finally blown up in Bourne's face, and left the Carter Administration with a serious international incident on its hands.

## COLOMBIA

Bourne, President Carter's special dope advisor, is notorious in the United States for his advocacy of legalized marijuana, heroin, cocaine, and so forth. The transformation of Colombia into a drug-economy — one of Bourne's long-term goals — corresponds nicely to his domestic drug-pushing, and would have set a Third World precedent: low-capital, cheap-labor agriculture to produce narcotics export to generate foreign exchange, "hying" instruments of national indebtedness drawn in London and New York, predominantly London.

But last week, the Colombian government kicked Dr. Peter Bourne in the teeth for direct interference into Colombia's election. Colombian President Lopez Michelsen and his near-certain successor, Liberal Party candidate Julio Cesar Turbay, sharply refuted Bourne's effort to implicate Turbay and two cabinet members in

drug trafficking, blasting the allegations as blackmail and an assault on Colombia's national sovereignty.

The Lopez government not only made Bourne look bad, but severely damaged the broader British policy of spreading drugs and imposing retrograde, labor-intensive economic policies internationally.

Bourne, who is a British intelligence "mole" in the White House and is attached to the Institute for Policy Studies' broader British networks, was called to account for unsubstantiated allegations contained in a confidential memorandum he delivered to President Lopez on Colombian cocaine traffic in the summer of 1977. The memo was accompanied by a list of government officials allegedly involved in that trafficking, among them Defense Minister Varon Valencia, Labor Minister Oscar Montoya, and presidential candidate Turbay.

Bourne's "secret" list was clearly part of a general diplomatic and political offensive designed to crush what remained of the Lopez government's resistance to World Bank policy.

In "Pentagon Papers" fashion, the "secret" memo and list were "leaked" and, over a period of months, came to constitute the core of a press and slander campaign which specifically targeted Turbay. Such British-influenced newspapers as *Le Monde* of Paris, the *New York Times*, and the *New York Post* revelled in accusations that Turbay was a leading drug mafioso and

### Who Is Julio Cesar Turbay?

Julio Cesar Turbay Ayala, the Liberal Party candidate for President of Colombia, has built his career on the development of a political grassroots machine whose sole objective is to take power. Turbay himself lacks a clear intellectual and moral commitment to the industrial development of the nation. Although the program he has defined to date stresses the need to upgrade agricultural production to produce cheap foodstuffs for the urban population, it essentially adheres to the World Bank's conception of limiting economic development to agriculture.

There is a faction within the Turbay camp, however, which more definitively opposes the World Bank and IMF programs for deindustrialization and labor-intensive "development." It looks instead toward Mexico and Venezuela, and the need to develop the state sector of the economy, as the model for the

modernization and industrialization of Colombia. This tendency has also stressed the need to convert Turbay's political grassroots machine into a constituency-oriented party along the lines of Mexico's Revolutionary Institutional Party (PRI).

To the degree that this prodevelopment faction is in a position to link constituency demands to a positive program for the development of Colombian industry and labor power, and shape Turbay's presidency, it is a threat to those British-connected U.S. political factions committed to devastating what remains of Colombia's productive economic activity. The recent barrage of attacks on Turbay and his supporter, President Lopez Michelsen, from outside and inside Colombia, are designed to so weaken Turbay that he will be forced to accede to the World Bank's policy once he reaches the Presidency.



Colombia his "Cocaine Empire."

In March of this year, *New York Times* columnist David Vidal echoed the charge that Colombian democracy was on the verge of collapse under the weight of enormous corruption stemming from drug trafficking. He repeated the warning made by the World Bank's chief advocate in Colombia, Carlos Lleras Restrepo, that if the "corrupt" Turbay were elected, the country could face a military coup.

Then, on April 2, Bourne arranged for CBS-TV to air the charges made in his secret memo on its "60 Minutes" program. This followed Turbay's decisive Feb. 26 primary victory over Carlos Lleras Restrepo, which guarantees — barring a coup or major destabilization — Turbay's entry into the Colombian presidency in August of this year.

Colombia immediately struck back. President Lopez Michelsen attacked the allegations as false and intentionally so. Bourne's policy on drugs, he implied, is rooted in the tradition of British imperialism. He told a CBS-TV interviewer that, although today's drug problems are "not exactly the Opium Wars" of the 19th century, when "entire governments" (Great Britain) backed drug trafficking, the Carter Administration has yet to grasp the "real dimensions" of the problem.

The Bogota daily *El Tiempo* declared in an April 5 editorial that Peter Bourne's policy on drugs is not based on eradication of drug trafficking or combat against the drug mafias. The policy is aimed at forcing a higher price for drugs in the international market, making trafficking "more dangerous and corrupting" in Latin American countries as a result. If Bourne is in charge, in

the White House, the paper suggested, perhaps U.S.-Colombian collaboration on the drug problem should be "reevaluated."

At last report, Bourne was not answering phone calls, and was reported by his Washington office to be "out of the city."

#### *Economics of the Scandal*

City of London financial interests and their collaborators in New York and at the World Bank are understandably concerned at the potential for development forces within Turbay's camp who could play a major role in shaping his presidency. They are already pressuring him to break with the current, misnamed National Development Plan (PND) which is based largely on small, labor-intensive industry and agriculture, according to World Bank plans, in particular.

In a guest editorial published in the *New York Times* April 5, Bourne himself publicly endorsed the World Bank's labor-intensive deindustrialization program, promoted under the guise of "income distribution and agrarian reform," as the model for Third World development.

In four years of the Lopez administration, the World Bank has not succeeded in imposing that program, due largely to the resistance of a well-organized labor force, strongly influenced by the country's pro-Soviet Communist Party, and a small faction of business layers who favor capital-intensive development for Colombia.

#### *Fight Back*

In his eagerness to discredit Turbay, Bourne simply overplayed his hand. The outrage with which the Lopez

### What Is Peter Bourne?

As the details of his training and background demonstrate, Dr. Peter Bourne is morally incompetent to "advise" President Carter on a national drug policy which serves the interests of the American or any other population. British-born Bourne is a leading advocate of the decriminalization of marijuana and cocaine, and the British system of "heroin maintenance." He is trained in behavior modification techniques. He received his early drug experience in Vietnam conducting psychological profiles of Special Forces troops under aversive combat conditions for stress, at which time, he also became an "expert" on international drug trafficking. He put this experience to use in building the drug culture in San Francisco's Haight-Ashbury Free Medical Clinic, where he worked as a psychiatric staffer. Among the "expatriates" of that clinic was mass-murderer Charles Manson.

Throughout his work at Haight-Ashbury, Bourne maintained contact with the counterculture operations run through the Institute for Policy Studies in Washington D.C. In the late 1960s Bourne founded the Maoist proto-terrorist group, Vietnam Veterans Against the War (VVAW). In the early 1970s, he worked directly with terrorist mastermind Marcus Raskin, director of the Institute for Policy Studies, to

set up the southern control point for Maoist and terrorist operations, the Institute for Southern Studies. Simultaneously, he served under the governorship of Jimmy Carter as a special advisor on health matters, creating the largest methadone maintenance system in the South.

Since 1971, Bourne has worked in Washington, D.C. in a variety of drug abuse agencies to promote his policy of drug proliferation and "decriminalization." He collaborates closely with Keith Stroup, director of the National Organization for the Reform of Marijuana Laws (NORML), and with NORML advisor Andrew Weil, a personal friend who carried out research in the Colombian Amazon to show the "beneficial" effects of chewing coca leaves and called for their import into the United States as a "recreational drug."

Immediately following his approval as special White House advisor in early 1977, Bourne and his staff began organizing for implementation of and research into the British system of heroin maintenance. His staff worked directly with Fabian networks in Ohio to draft legislation to this end. The bill was passed by the Ohio House last year, and is expected to be brought before the full Senate shortly for a final vote.



government and other political layers responded to the allegations made against Turbay and cabinet members have enormously strengthened the candidate and placed the Carter Administration in what is — at best — an embarrassing situation.

A salient aspect of the Colombian response is that it identifies Bourne's antics as an overt assault on the country's national sovereignty. Referencing his nation's staunch republican and constitutional tradition, the head of the Colombian House Foreign Relations Committee announced that such flimsy allegations, aired by a U.S. government official, had done a serious "disservice to democracy and to Inter-American politics....(these accusations) have placed in danger the political stability of the Latin American continent. While Turbay himself told the U.S. that Colombia would not succumb to "moral terrorism" of any kind, the heads of state of several Latin American nations sent messages of support to the Lopez government.

In his earlier interview with CBS-TV, President Lopez had accurately described the way in which several Latin American political leaders and heads of state who opposed U.S. policy were specifically targeted for water-gating scandals and drug-running charges. Defense Minister Varon Valencia suggested that U.S. intelligence agencies find out if their informants didn't have "ulterior motives in placing in question the dignity of the Colombian government."

The significance of the Colombian government reaction is located in the fact that it has uncovered the political motivations of Bourne and has thrown back into the face of the Carter Administration its toleration of Peter Bourne's hideous drug policy. Based on advocacy of legalization of marijuana and cocaine, and the implementation of heroin maintenance in both the advanced and underdeveloped sectors, Bourne's policy is not only rooted in the tradition of British imperialism — it is British imperialism.

—C. Rush

## How Bourne's Caper Worked — And How It Didn't

*The gridding of events below locates Dr. Bourne's blackmail diplomacy against the Lopez Michelsen government of Colombia over a period of months. In June 1977, when the grid begins, three major operations were in effect against Lopez:*

*In mid-June, Colombia rejected Carter's nominee for Ambassador to Bogota, Jose Cabranes. Cabranes is known to be an intimate collaborator of Mauricio Ferré, mayor of Miami and controller of Cuban exile networks that are themselves involved in drug trafficking. The eastern U.S. press then carried the story that Colombia did not like Cabranes because he is Puerto Rican.*

*Colombian environmentalists tied to the Ford Foundation began a drive to close down several major chemical plants in Colombia.*

*A Miami Herald article implicated President Lopez's sister in a network selling Colombian babies to American parents.*

*June 9, 1977: Rosalynn Carter arrives in Bogota bringing with her Dr. Bourne's "cocaine memorandum."*

*June 22: Bourne and Malthea Falco, Assistant Secretary of State for narcotics matters, arrive in Colombia. Bourne delivers the confidential list of suspected Colombian drug traffickers to President Lopez.*

*June 24: Colombia's Justice Minister announces the formation of a fleet of planes and helicopters aimed at combating drug trafficking. Bourne promises that the U.S. will give three helicopters. (Bourne had earlier urged President Carter not to send the helicopters, saying "They are one of the only points of leverage we have.")*

*August 5: The first "leak." James Goodsell writes in the *Christian Science Monitor* that there have been "rumors that many prominent Colombian officials have their hands in the drug till. In particular, Julio Cesar Turgay...is accused openly of involvement..."*

*November, December, January: Colombian security forces launch a major assault against the country's Atlantic Coast marijuana-growing region. The largest marijuana and cocaine round-ups in history take place.*

*Jan. 19, 1978: The second leak. The Paris daily *Le Monde* reports that a U.S. Congressional Commission headed by Rep. Lester Wolff has put out a list of names of people allegedly involved in Colombian drug trafficking: "It seems that the Commission handed the (Colombian) head of state a list of people involved including the names of two ministers — one of which is the Minister of Defense, General Abraham Varon Valencia." Another was Turbay. The article is picked up in all major Colombian press.*

*Feb. 21: The U.S. Congress received information on Panamanian Gen. Omar Torrijos's "probable" involvement in drug-running.*

*Feb. 26: Rep. Lester Wolff goes on CBS's "60 Minutes" to charge that Fidel Castro is connected to international drug-running.*

*March 16: President Lopez begins a counteroffensive, going on national television to denounce the use of the drug problem as a political weapon.*

*March 19, 21, 22: Articles in the *New York Times* and *New York Post* describe Colombia as a drug-pusher's paradise. The *Post* quotes a Queens, N.Y. bar owner as stating: "The story on the street in Colombia is that the man who may be the next president of Colombia heads one of the families (allegedly involved in drug running) in Queens.*

*April 2: CBS's "60 Minutes" airs the charges against Turbay and the two cabinet ministers. Interviews with Bourne and Lopez are included.*

*April 3: Turbay strongly protests the CBS program. Bourne offers interview with Colombian radio, saying he never suspected Turbay.*

*April 4: An *El Tiempo* editorial targets Bourne's non-policy against drugs. Colombian Senate and House reject the CBS slanders. Hints at ending U.S.-Colombian collaboration in combating drug traffic appear. The slandered Defense Minister sends a protest to the U.S. Ambassador. Turbay threatens a suit against CBS.*

*The U.S. Embassy issues statement clearing Turbay.*

## Bourne: 'Our Strategy Is To Keep The Price High'

*Excerpts from the text of the CBS "60 Minutes" interview with Dr. Peter Bourne:*

*Q: How dangerous is cocaine? How dangerous is the use of cocaine in terms of spreading more largely throughout the population?*

A: If you talk about just the health problem in the levels in which it is used in this country at the present time, it does not pose a very significant health hazard. We have somewhere around 20 people a year die from cocaine-related deaths. This compares to 2,000 from heroin. So we are talking about a health problem that is about one hundredth the magnitude of the heroin problem.

The reason we think it is this way is because we have been able to maintain the price at a very high level because the use pattern as a result is generally restricted to relatively affluent people who use it with relatively good judgment and not that heavily. It is not physically addicting so people don't have the craving to use it that they do with heroin.

So we have a situation where there is very, very widespread but generally only recreational use of the drug and very little psychological dependence on it in terms of people becoming habituated to it....

*Q: You mean if cocaine was used to the same extent marijuana is used now, it would be a very, very serious problem?*

A: I think so. I think so, yes. Our strategy then is to try to keep the price as high as possible. By so doing, we keep this consumption relatively low and keep it in the hands of a relatively limited segment of the population....

*Q: I would just like to get straight on the names once and for all. Montoya, Minister of Labor; Varon, Minister of Defense; Dr. Turbay, the man most likely to be the next President of Colombia. Are you now satisfied with President Lopez's explanation that your information was wrong or do we still stand by those names in each case?*

A: Well, he is in a much better position to evaluate any information than we are. And I think the whole purpose of our discussions with him was to not be accusatory in any specific way but to say to him, "Here is some information that we happen to have come across that we would just like to pass on to you for your own information, assessment and utilization in any way that you think is appropriate."

And it was exchanged in that kind of spirit, as is the case with enormous other information not relating to corruption or the narcotics issue, but just relating to areas of mutual interest between our two countries. And it was not — we made it very clear that we were not assessing necessarily the accuracy of the information we were giving.

## Lopez: 'You Remember Britain's Opium Wars...'

*From a March 16 interview with Colombian Lopez Michelson by Sucesos-TV of Colombia:*

Every time that they have a problem (referring to "reactionary" political forces in the U.S. — ed) they try to link the problem to that of drugs. If there is a need to discuss the Panama Canal, there comes the drug problem: If you have to discredit a ruler like Fidel Castro, suddenly he is linked to the drug problem; if it has something to do with the President of Peru, casually they say that his niece is linked to the drug problem, and here, in Colombia...

*From the April 2 CBS-TV "60 Minutes" interview with the Colombian leader:*

I think that you (the United States) have not taken cognizance of the true dimensions of the drug problem. Drug trafficking is a question entirely related to politics, as demonstrated by the case of the Panama Canal, or by the economic problems that arise from an influx of dollars coming from the drug traffic.

Let me comment on something else. This is not the first time in history that a similar situation has appeared. I am sure you remember the opium Wars of the middle of the 19th century... Wars of England and France against China to force her to buy opium. In those days the governments were backing the drug traffickers. I have to say that now the governments are against the traffickers....

### *On Ministers' Involvement*

Something is developing in the United States. It is the idea of implicating high-level officials in certain countries in cocaine trafficking.... In California a young woman by the name of Morales was arrested. The newspapers, and perhaps someone from one of the commissions of the U.S. Senate, affirmed that she was the niece of President Morales Bermudez (of Peru). She had no connection with him. Here, they have been mentioning names of people in the government and I have been informed of these names, and I have personally seen the evidence of how they have been mistaken. Take this case for example: there was a document from the Ministry of Defense introduced into a criminal case. A colonel had sent a statement about a soldier who had been under his command some years ago. Someone read Ministry of Defense (*ministerio de defensa*) and said: Minister of Defense (*Ministro de defensa*). That is how the Minister of Defense was involved in the criminal case....

### *On the Turbay Involvement*

What (the Bourne document) says about Dr. Turbay is not about him. It is about his nephew who during that time was living in the United States. Now do me the favor of explaining this: If he was in the United States, why wasn't he apprehended by the police if those charges made against him were true?...

*CBS:* You are giving me the impression, Mr. President, that you feel the United States ought to stick to its own problems, before getting mixed up in Colombian affairs...

*President Lopez:* No! No! No! They they ought to be more careful in the work they carry out against the drug traffic in Colombia. That they must verify each fact and piece of information, and not publicize it without being sure of what they are publicizing or of what they are delivering in a confidential manner.

# Socialist Congress Purges Antiterrorists

In a speech partially written by the creator of the Red Brigades terrorist gang, Francesco Alberoni, the general secretary of the Italian Socialist Party stood on the podium at the conclusion of his party's congress April 2 to announce the successful transformation of his party into a British instrument of terrorism.

## ITALY

General Secretary Bettino Craxi announced the ouster from the leadership of that faction which wished to participate in the labor-industry alliance represented by the current parliamentary alliance of the Communists and Christian Democrats. In their place, the new PSI Central Committee now includes the leading representatives of those so-called intellectual elements which had been offshoots of a postwar "colonizing" effort of the PSI on the part of the British-created Action Party.

These include Norberto Bobbio — cocreator, with Alberoni, of the Red Brigades gang which currently holds kidnapped former Prime Minister Aldo Moro, and Francesco Forte, self-styled economist and the creature of Lazard Freres' in-place Italian agent Enrico Cuccia of Mediobanca.

Craxi's self-satisfied bombast against that wing of his party which had wished to ally itself with Prime Minister Andreotti, and his announcement of the new central committee appointees, marked the successful close of a strategy which he had laid out in full in his opening speech a few days earlier. At that time Craxi had announced that the PSI must give up any adherence to "Marxism-Leninism" in favor of returning to the "purified" socialism of Carlo Rosselli. That this is tantamount to announcing that he wished to turn over the party into the hands of British intelligence is fully documented below.

Craxi himself, however, explained what he meant by his call for "a return to Rosselli socialism." The PSI, he stated, must incorporate itself into the "human rights" libertarian movement and become activists in behalf of an antitechnology, zero-growth alternative to the present government.

As aptly reported by such magazines as *L'Europeo* and *Il Mondo*, however, Craxi himself is only the up-front stooge for the real power which has emerged inside the PSI. This is none other than Riccardo Lombardi, from the old British-created Action Party, who ended up in the PSI when the Action Party disbanded and sent in "colonizers" into existing political organizations. This infiltration effort has finally borne fruit, with the PSI being transformed into the "respectable," above-ground front for the underlying terror apparatus characterized by the infamous Red Brigades.

As reported above, the Italian magazine *Panorama*

reported this week that Francesco Alberoni had authored parts of Craxi's speech. Alberoni, together with new PSI central committee member Bobbio, has been frequently identified in the national press as the creator of the Red Brigades during his tenure at Trento University in the late 1960s. Already during the congress itself another Lombardi flunkey, Fabrizio Cicchitto, "prophesized" that "a new terrorist offensive of unheard-of violence" was due to erupt in Italy, resulting in "authoritarian solutions" to the problem of chaos thus posed. As Lombardi himself explained in his congress presentation, "capitalism has entered a death crisis"...and the PSI which he now controls will be one of the crisis instruments by which Lombardi hopes to bring it about.

## 'Justice And Liberty': A Terrorist Creed

Italian Socialist Party Secretary Bettino Craxi's announcement during the recent national congress of his party that it would return to the principles of Carlo Rosselli amounts to an open alliance with the terrorist Red Brigades to deindustrialize Italy. For it was Carlo Rosselli who in 1929 gave new institutional form to the "left" fascist tendency around which Mussolini had originally mobilized his blackshirt hoodlums, as the British intelligence-sponsored gang *Giustizia e Libertá* ("Justice and Liberty"). *Giustizia e Libertá* — not the Communist Party, as has been maliciously claimed — is both the model and the direct antecedent for the terrorists currently destroying the Italian republic and their "sympathizers" which have been synthetically embedded in the population.

During World War I, the individuals and institutions that were subsequently to become both Mussolini's National Fascist Party and British-controlled "antifascism" were one single faction. At that time, Benedetto Croce, later the "official antifascist" philosopher of the Mussolini period, and Giovanni Gentile, later the "official Fascist" philosopher and Minister of Education under Mussolini, jointly controlled Italian journalism and cultural life. In its various manifestations, this grouping was unified by a fervent loyalty to the British crown, for whom it engineered Italy's entry into the war, and then applauded Mussolini's "March on Rome" of 1922. But the Croce wing quickly turned into "antifascists" when they discovered that Mussolini's thugs had no intention of allowing parliament to continue business as usual. Thus, while His Majesty's government of the United Kingdom gave full diplomatic and financial support to the Mussolini dictatorship, Britain also spawned a brand of "antifascism" London could control, through the younger generation of Crocean liberals. One of these,

Carlo Rosselli, founded *Giustizia e Libertá* in 1929 as "an Italian Fabian Society."

Rosselli was the scion of one of Italy's most powerful Rothschild-connected families, going back to the 19th century Rothschild-funded movement of Giuseppe Mazzini run out of London. He devised an ideology for his grouping, called "liberal socialism." It purported to correct Marxism from the standpoint of British free-trade and other "liberal" policies, and to purge capitalism of its centralizing industrial growth tendency, by redistributing existing wealth.

"Liberty" was the watchword of G-L. This meant that workers' organizations should be "free" from political direction, either national or international. Art and culture should be "free" from the "oppression" of a national language and should instead express the peasant local cultures of an Italy long under foreign domination.

Along with "liberty," the word "autonomy" became magical — the antecedent for today's *Autonomia Operaia* (Worker Autonomy) which arms illiterate Italian teenagers and turns them loose to destroy the social fabric of Italian cities. Since "freedom" is defined merely as the individual's right to do as he pleases, politics can only be defined as coercion against that right. This is not accidentally the precise definition given by former *Giustizia e Libertá* member Norberto Bobbio, in his recent "Dictionary of Politics."

*Giustizia e Libertá* did not claim to be a party; in fact, like today's terrorist-oriented "Autonomia Operaia," it was against parties, just as it was against nations and against the large-scale concentrations of industrial capacity which twentieth century technologies demand. According to the accounts of a G-L founding member, London-born Max Salvadori, G-L had three levels of membership.

First there were the "intellectuals" who limited their participation to the publication of the writings of 19th century Italian patriots, supposedly to stimulate opposition to the regime. Then there were the "activists" who organized politically and wrote for the G-L periodical. These included Ugo La Malfa, who in the early 1930s combined this antifascist activity with writing for Giovanni Gentile's *Enciclopedia Italiana*, a particularly telling example of the closeness of the Fascists and British-inspired "antifascists" when it came to ideological questions.

Finally, and holding both "intellectuals" and "activists" in contempt, says Salvadori, were the "direttisti" who engineered escapes, threw bombs, scattered leaflets from airplanes, and otherwise endeavored to give themselves anti-Mussolini credentials while in effect setting up the entire clandestine antifascist movement for arrest sweeps by the secret police, the OVRA. Not accidentally, it was mostly the Communists, who steadfastly resisted being pulled into these "antifascist" antics, who were the principal victims of OVRA's roundups following each "exemplary action."

During World War II, following Rosselli's death at the hands of the OVRA in France in 1937, the old *Giustizia e Libertá* networks were given an elaborate "American" cover. Max Salvadori was commissioned by the British War Ministry in 1939 to set up "antifascist" Mazzini Societies throughout North and South America for MI-6

(British intelligence). The American center of operations for the Mazzini Societies was Harvard University under Department of Government head William Yandell Elliott, the man who created Henry Kissinger. The core of the operation in metropolitan Italy became the Banca Commerciale Italiana in Milan, where a group of Keynesian bankers including Ugo La Malfa founded the Action Party in 1942.

The program of the Action Party was a refurbished version of Mussolini's 1919 radical program, complete with attacks on the Italian monarchy and the Church, to provide "left" cover. But above all, the Action Party stood for a policy of continuous austerity and the channeling of Italy's labor into conscripted work camps to "rebuild" the economy with minimal capital input. All centralizing tendencies were denounced as "fascist," as well as the constituency interests of Italy's large-scale industry and the skilled categories of Italian workers, at that time overwhelmingly organized into the Communist Party and its military resistance arm. Through the European Federalist Movement, which G-L's Ernesto Rossi and Altero Spinelli founded in 1943, this anti-industry decentralization policy was to be spread over the whole of Europe.

Weaning the population from industrial development required violence and psychological terror. For the former, the Action Party included the likes of Emilio Lussu and his "Sardinian Action Party," the model for mobilizing shepherders for "Sardinian" or other local autonomies, and the reason why nearly all of Italy's paramilitary grouplets were trained on that backward island. For the latter, the weekly magazine *l'Espresso* which defines politics as pornography was founded, financed, and edited by veterans of the Action Party following the war.

In the 1946-48 period, the Action Party disintegrated due to its failure to gain popular support. The "bankers' faction" from the Banca Commerciale Italiana was deployed into the tiny Italian Republican Party, from which nominal "base" La Malfa participated in, or wrecked from outside, most of Italy's postwar cabinets. This faction set up a financial empire which would strip Italy's industrial assets to the benefit of Lazard Freres, the Warburgs and other City of London merchant banks — Adolfo Tino and Enrico Cuccia of Mediobanca.

Riccardo Lombardi took the "Marxist" and "liberal socialist" wing of the Action Party into the Socialist Party in 1949, to battle for a break between the Socialists and the Communists over the issue of entry into NATO, which the British were pushing and Lombardi favored. In three decades, the amazing Lombardi transformed himself from the "right" to the "left" wing of the Socialist Party, and his current in the party has harbored the organizational and philosophical control of "left-wing" terrorism.

According to a script not so different from the one played out in Italy in 1922, if the Socialist Party now goes full tilt on this proterrorist bent under the aegis of Rosselli's "liberal socialist" belief structure, Ugo La Malfa is to enter "stage right" and proclaim the necessity for a police state to block the dangers of rampant Marxism. La Malfa has in fact already begun this campaign.

—Vivian Freyre and Nora Hamerman

# Andrew Young Wins Friends For The U.S. In Africa

*The following analysis was released on April 7, 1978 by U.S. Labor Party Chairman Lyndon H. LaRouche, Jr.*

U.S. Ambassador to the U.N. Andrew Young's recent shift to blunt (and accurate) attacks on the foreign policy immoralities of British imperialism may have handed the U.S. State Department a few diplomatic flaps, but they have won the United States new friends among a growing number of African and other governments.

The big question mark among those governments is whether the United States will finally repudiate the practices and outlook of the hated Henry A. Kissinger, or will capitulate to the British government and Kissinger to follow the Owen-Kissinger-Brzezinski line on the Horn of Africa and Rhodesia issues. That question mark acknowledged, Africans are seeking to determine what powerful combination of policymaking forces inside the United States is prepared to stand behind Secretary of State Cyrus Vance and Ambassador Young.

Although Britain's foreign secretary David Owen, plus Brzezinski and Kissinger, are obsessed with the intent to stir up the Horn of Africa crisis once again, all informed eyes in the world's capitals are focused on southern Africa, expecting a major explosion over a period ranging from days to weeks.

For the moment, Ambassador Young, backed by the State Department and the White House, has delayed the threat of a general bloodbath a precious few weeks. If the White House supports Young's denunciations of British policy in southern Africa, the worst possible scenario will be avoided. The worst possible scenario would be active or tacit U.S. support for the British Foreign Office's so-called "internal solution" to the Rhodesia situation. In that case, Britain would force the black African nations to call in Soviet and Cuban assistance, embroiling the United States in a "new Vietnam in Africa" or worse.

The next worst scenario would be one in which the United States limits itself to the impotent compromise line set forth in President Carter's address on African policy: all major powers out of Africa. That policy may seem agreeable diplomatic rhetoric to some, but it leads to disaster. Only an intervention by major powers can stabilize the situation in southern Africa — just as "great power" Soviet and Cuban intervention is required to stabilize the Horn of Africa in face of the British destabilization of that region.

If the United States adopts the diplomatic posture of rightly condemning the immorality of the David Owen-Ian Smith "internal solution" swindle, but does nothing to aid the forcing of an acceptable solution on Rhodesia

(and on London), again the black African nations are left with no choice but to plead for Soviet and Cuban assistance.

The only advantage of this scenario over the worst case is that it leaves the U.S. with options for intervening as a peacemaker. Those are lousy options, but they are admittedly better than no options at all.

The third option would be active, substantive U.S. support for a comprehensive solution to the Rhodesia problem. This alternative has the included danger of British provocations of the Republic of South Africa. South African intervention on the side of Rhodesian Prime Minister Ian Smith's faction would then involve the U.S. in supporting front-line states' war against South Africa. This danger is rightly recognized in U.S. and other responsible circles — which tends to frighten the U.S. from any substantive policy for southern Africa.

There is a fourth option, the only option which could succeed. This involves U.S. use of its full resources to demand a comprehensive solution for the entire region based on economic development. Key elements of U.S. policymaking inside and outside the current Administration recognize that economic development packages are key to peace in southern Africa — as well as in the Middle East. Unfortunately, so far, those approaches have not been worked through to the point of representing an effective form of proposed U.S. Africa policy.

Avoidance of a general bloodbath in southern Africa depends almost entirely on the commitment of the United States to the kind of economic development-centered political package for all of southern Africa. Worse, this must be developed within no less than weeks if the explosion now building up is to be averted.

### *The Policy Which Would Work*

Like any sound solution to a crisis, the proper solution to the southern Africa mess must admittedly overcome massive political obstacles.

The institutional basis for a general solution to the southern Africa problem is the establishment of a *Southern Africa Development Association* with the participation of the Republic of South Africa. A private regional development agency, established through cooperation of the murdered Jürgen Ponto, Hans-Martin Schleyer, the Rembrandt interests of South Africa and others, already exists as a nucleus for setting regional economic development into motion.

The key financial institutions would have to be established entirely outside International Monetary Fund and World Bank control and would be the regional central banking agency for sovereign national development

banks in each participating nation. Investments, loans, and grants funneled into industrial, agricultural, and infrastructural projects through these networks would be entirely outside the IMF-World Bank channels of accountability. The system must function along the lines adopted by the U.S. Congress during the George Washington Administration, on the basis of Treasury Secretary Alexander Hamilton's interlinked "Report on Manufactures" and policy for a United States National Bank. Through development under this arrangement, the nations of southern Africa would become a gold reserve-based "snake" of associated national currencies.

As the new financial institutions begin functioning, the reorganized old national debts, created outside the new system, can be consolidated within the national banking systems of the relevant nations.

The political wisdom of this approach is that it corresponds to what are in fact the vital interests of all the nations and populations of the region in general. In particular, it affords the high-technology kernel of the Republic of South Africa a major, indispensable role in furthering the well-being of the black populations of the region.

The intrinsic fallacy of the present political game plans in the region is that those plans involve one or another "Living Theater" scenarios based on the axiomatic assumptions of black-white conflict as fundamental. Any attempt to win any of the scenarios which are or might be based on the axiom of black-white fundamental conflict lead to a hideous, permanent state of bloodbath throughout the region — a kind of genocidal "Thirty Years' War" from which no one could gain.

It is essential to redefine the axioms of the problem in humanist terms. The black population is not black, but human, a section of humanity in that region which is deprived of essential rights, as rights are defined from a platonic humanist standpoint. The objectives must be redefined, away from black-white scenarios — as if no skin-color distinctions existed, but only the denial of proper rights to large numbers of human beings. Those rights are essentially the right to economic development and the cultural and political rights corresponding to modern levels of economic development.

One of the keystone nations for this political purpose is Angola, whose government faces the tasks of development in terms of its rejection of racial distinctions within its own population. The Cuban intervention in Africa — despite the howls of Britain's Owen, Kissinger, and Brzezinski — strengthens the struggle against racist ideologies, because of the role of a racially mixed nation in committing itself to aid African development. If the Republic of South Africa adjusts its policies toward Angola and economic aid-desperate Mozambique on the basis of this crucial perception, such corrected relations of the Republic toward Mozambique and Angola would lever the possibilities for general cooperation throughout the region.

One is not blind to the problems of the populations within South Africa designated as black or colored. The peaceful solution to that problem will be painful psychologically for many of those concerned, as well as being beset with objective difficulties. However, if the Republic is able to reach a self-interested foreign policy

toward predominantly black neighboring nations on the basis of humanist policy of regional economic development, the republic's domestic policies and internal development will reflect its foreign policy advantages.

Difficult as the solution of the political problems may appear to be, the alternative to such solution is a general bloodbath, "Living Theater" scenario governed by some version of the black-white struggle. In any case, the United States itself must stand for what is right, not tail after what might appear to be this or that path of least resistance.

#### *Overcoming of the Problems*

The fundamental obstacle in the way of a solution to the southern Africa situation is those forces inside the United States — typified by Blumenthal, Schlesinger, and other British agents-of-influence — who are sabotaging both the value of the U.S. dollar and efforts to end the current depression through largescale high-technology export policies. If the United States raises its high-technology exports on the order of two to three hundreds of billions of dollars a year — which can be readily accomplished with aid of augmented U.S. Export-Import Bank roles — the United States, in cooperation with France, Germany, Italy, Japan, and other nations, creates a global climate of general economic expansion in hard-commodity, investment-oriented trade.

In that climate, and only in such a climate, southern Africa in particular has the circumstances for a successful regional economic development effort.

This illustrates another aspect of the process by which British agents-of-influence, such as Schlesinger and Blumenthal and their accomplices, deprive the United States of the kind of economic power required to pursue an effective policy in Africa, in the Middle East, and in the Asian subcontinent.

If the U.S. Labor Party's proposal for an expanded Export-Import Bank role is pushed through quickly, and if the United States shifts nuclear policy toward close cooperation with France in promoting global nuclear energy-centered development projects, then the United States has the means to win all the ball games on all fronts. If such steps are not taken, we face a worsening disaster.

Direct cooperation between Washington and Paris is the key to the African and Middle East problems. A Paris-Washington axis would be the basis for improved cooperation with Japan and would bring most industrialized nations into participation in the same policy configuration. This close cooperation requires a basic shift in the U.S. economic and nuclear energy policy, the basis for establishing the strongest commonality of interests in general. That commonality of interest established, the spectrum of forces needed to bring about a comprehensive solution to the African problems comes immediately into being.

The way in which to view the politics of African governments and political factions is not to view those forces merely in terms of their current outlooks. One must focus on the fact that an effective shift in the U.S. policies will create a new global environment for each of those nations and will bring forth a corresponding change in perceptions.



Most leading Africans, black or Afrikaner, devoutly and rightly hate the British. If the United States follows the policies dictated by London and by such British agents as Kissinger, Brzezinski, Blumenthal, Schlesinger, et al., the majority of (fearful) Africans will either adapt to that oppressive reality with included stupidities, or will turn in desperation to the only major allies outside the London-Washington axis of power — the Soviet bloc. If the United States follows and advances the attack on British policy portended in the recent efforts of Ambassador Young, if the United States adopts effective policies for solving the African crises, African nations will not only speak frankly on the British problem, but will adapt to the advantages of the United States policies.

Once the United States government gets out of its head the delusion that Britain is the United States' ally, African and other governments will begin to have true respect for (rather than mere fear of) the United States. Under those conditions, those governments will find a strong desire to go along with any practicable solution backed by firm and substantial U.S. commitments.

#### *The Horn of Africa Mess*

Every informed circle within relevant U.S. government agencies knows that the conflict between Somalia and Ethiopia was created by British secret intelligence operations, and that, during the Ford Administration, Secretary of State Henry Kissinger was pushing the British line, attempting to induce the Ethiopian government to "perceive" Somalia as its relevant chief adversary. When the internal developments in Ethiopia took a turn incurring London and Kissinger's displeasure, Kissinger stooge Brzezinski acted in concert with London to escalate the Ogaden and Djibouti issues and to heat up the Eritrean activities — all this to carve up Ethiopia as an "object lesson" in the same fashion Kissinger dedicated himself to the downfall and executions of Pakistan's Bhutto and Guyana's Fred Wills (among many other targets of Kissinger's homicidal impulses).

The United States did nothing to stop the horror show in the Horn of Africa. The Soviet Union did. The Horn is now in sight of restabilization. Now, London shrieks against Soviet intervention in the Horn, and London's stooges — Kissinger, Brzezinski, and others — naturally echo the scripts written by their British Secret Intelligence Service masters in London. If the Soviets and Cubans should not have acted to restabilize the Horn of Africa — who else did make that effort?

Now, the analogous problem is developing around the Rhodesian mess. If the United States does not act effectively to prevent a bloodbath, Soviet and Cuban forces will be drawn on by the energetic appeals of black states. Brzezinski, Kissinger, and their dupes, whose British masters created this mess, are prepared to have the United States do nothing efficient to stop the bloodbath, but only to stage a thermonuclear showdown with the Soviet Union if the Horn of Africa pattern is repeated in Rhodesia.

#### *Two-Level Strategic Realities*

The United States strategic situation vis-à-vis the Soviet Union is currently operating on two distinct levels. Both levels are inevitably, simultaneously embedded at each point of crisis around the globe.

On the first level, Soviet policy is governed by a broad

commitment both to peace and to technological progress generally. On this level, at every point of potential crisis, there is a possibility for mutually satisfactory negotiation and agreement between the two world powers.

On the second level, Soviet policy is colored increasingly by anticipation of a growing threat of general thermonuclear war. Under this circumstance each Soviet intervention is colored by the way the intervention affects the strategic-political correlation of global forces. On this level of affairs, no durable agreement between the United States and the Soviet Union is feasible.

There are currently four points of the global situation which are crucial respecting this strategic problem.

The first, typified by the neutron bomb issue, is the effort of the government of Great Britain and British agents such as Kissinger and Brzezinski to build an arms race around the doctrine of limited nuclear warfare. The neutron bomb, as a deployed weapon, in Europe, is of no use in respect to existing and in-sight NATO capabilities except under the special conditions of theater-limited nuclear war — conditions which could never exist in reality. The other implication of the neutron bomb lies essentially in the mere threat to deploy it. In this respect, the neutron bomb has been offered as a bargaining chip against Soviet SS-20 missiles, an offer which has been unequivocally rejected by the Soviets. If the U.S. attempts to deploy a neutron bomb, the Soviets take the lid off the whole range of their scientifically advanced new categories of weapon systems.

The second crisis point is Japan and China. The British are determined to shift the intermediate-term general war posture from the Atlantic to the Pacific, developing an anti-Soviet alliance among the United States, nuclear-armed Japan, and China. This mad British scheme, if implemented by British Vancouver-influenced personalities such as Senator Henry Jackson, has all of us looking directly into the bowels of a radioactive hell — including two 50-megatonners or something of that sort reserved for Britain.

The third crisis point is the Middle East. If London sends Israel on a nuclear-armed "breakaway-ally" rampage toward Damascus, the Armageddon scenario is on.

The fourth crisis point is Africa. If the United States can quickly advance a policy of the indicated sort for Africa, that United States policy hits the global strategic tangle at the point it can be most efficiently cut. A regional development program for southern Africa, centered around nuclear energy production, means a fundamental change in the global geometry of U.S.-Soviet relations. Together with a joint U.S.-Soviet approach to a Geneva-centered solution for the Middle East, an African solution provides the setting for a comprehensive resolution of all the major problems between Washington and Moscow.

#### *Two Tactics of Communism*

The only instance in which the communist movement has succeeded is the establishment of the Soviet Republic under Lenin's leadership. Every other instance of establishment of a socialist state allied to the Soviet Union is a byproduct of the existence of the Soviet Republic. That fact is viewed in several schemes of explanation by various self-styled scholars and enthusiasts pro and con.



Only one explanation, the one least known, is the correct one. Understanding that is key to understanding the basic feasible approach to U.S.-Soviet relations.

The distinction of V.I. Lenin's role, distinct from that of all other varieties of professed communists, is that Lenin was not only an avowed Marxist but viewed Marxism as agreeable to the Russian neoplatonic humanist outlook of Czar Alexander II's court, most emphatically the influence of Chernyshevskii. The two crucial writings of relevance for understanding Lenin and his success are his "What Is To Be Done?" borrowing the title from Chernyshevskii's most influential work, and his "Two Tactics." Lenin was essentially committed, as was Count Witte from a different political vantage point, to the industrial development of Russia in cooperation with industrialized Germany. "Two Tactics" embodies Lenin's articulation of his specific approach toward that objective, the approach which succeeded, and the exemplar of those principles which enable communism to succeed or fail.

The essence of "Two Tactics" is this.

*Option A:* The independent political working-class movement must be developed as an independent political force to force through the capitalist industrial development of Russia. *Option B:* If the capitalists refuse to undertake technologically progressive development of industry and agriculture, the independent labor movement must accomplish that goal without the capitalists — socialist transformation.

Lenin's "Two Tactics" was essentially Marxist in the sense that it was a concrete application of what is known as the principle of "scientific socialism." As long as the capitalist form of ownership of means of production and distribution fulfils the imperative of increasing the rate of economic growth through scientific and technological progress, there is no objective basis for superseding capitalist with socialist forms. It is only as the capitalists refuse to maintain feasible acceleration of the rate of

economic growth that the objective necessity for socialist transformation arises.

That principle underlines the success or failure of communist efforts to the present date — whether or not the self-styled communists involved are conscious of that fact. A "purely political" socialist revolution is nonsense. A socialist transformation depends fundamentally on a commitment to technological progress in face of a capitalist or oligarchical refusal to sustain technological progress. If technological progress is aborted, revolutionary preconditions proliferate — for better or worse results — despite the conscious intent of any person involved. If technological progress is established, the political forces, whether capitalist or socialist, instituting that progress have the objective forces of political and social development in favor of their rule.

Therefore, under the condition that both the capitalist United States and socialist Soviet Union are equally committed to high rates of capital formation in high-technology progress of industry and agriculture globally, the political relations among the two major world powers are stably balanced. Thus, a U.S.-Soviet agreement to economic development policies for solving the Middle East and Africa crises works as the Eisenhower Administration's Atoms For Peace effort projected it would work.

This does not mean that all difficulties vanish under such auspices. It means that the two major powers are able to create a global climate of stability in which setting the policies of economic development will prevail, and will ensure the feasibility of uprooting anti-technology and other imbecilities in each local situation.

The recent bold statements of Ambassador Young have opened the first door toward a solution not only for Africa, but for the world. If we back up Ambassador Young's attacks on Britain, and also clean the British agents out of our government, the solution to all the worst problems before the United States is immediately within our reach.

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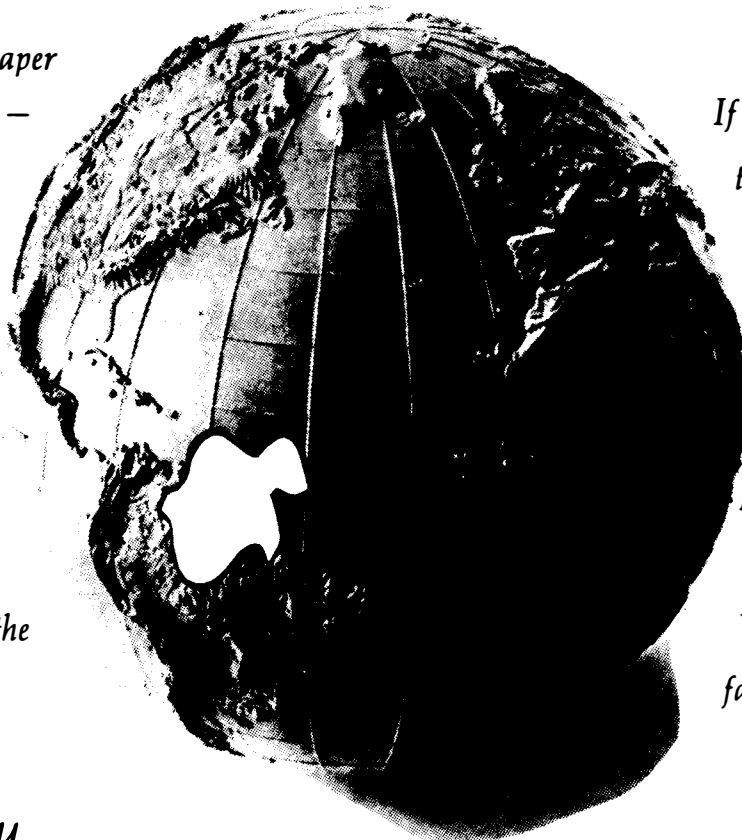
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**EXECUTIVE INTELLIGENCE REVIEW SPECIAL REPORT**  
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**THURSDAY, JANUARY 11, 1978**

**LEADING U.S. BUSINESS DAILY CALLS FOR CUTOFF OF NUCLEAR COOPERATION WITH INDIA**

**JAN. 11 - THE WALL STREET JOURNAL, A LEADING U.S. BUSINESS DAILY, RAN A MAJOR EDITORIAL TODAY CALLING ON THE CARTER ADMINISTRATION TO DENUNCIATE AND ABOVE ALL HIS COSMETIC CONCESSION THAT HE WOULD AUTHORIZE SUPPLY OF ONE SHIPMENT OF ENRICHED URANIUM TO INDIA, FOR FUELING NUCLEAR COOPERATION WITH INDIA. THE 'OPEN MIKE' DID AFTER THE INDIAN EXPLOSION. "SO WHILE THERE ARE AT LEAST SOME ARGUMENTS IN ADDITION TO BELIEVE THAT MR. CARTER DOESN'T NOTICE MIXES AND POLICY INTACT DESPITE THE HEAVY WATER SHIPMENT. BUT ON THE OTHER HAND, PERHAPS IT WAS NOT THE INDIANS WHO WERE INTENDED TO OVERHEAR TO TELL US A LIE WAS USING THE PLOY TO MISLEAD THE AMERICAN PEOPLE."**

**WHAT IS REALLY GOING ON?**

**WHILE THE DUST HAS NOT YET SETTLED ON THE CARTER TRIP, BRITISH PRIME MINISTER JAMES CALLAGHAN HAS ARRIVED IN INDIA TO SUPERSEDE STATUS ON THE COMPROMISE FORMULA TO BRING INDIA INTO AN ACCEPTABLE DEPARTMENT 'HAS SUCCEEDED WHERE CARTER HAS FAILED. AS PRESENTED BY THE LONDON TIMES AT THIS TIME, TODAY'S LONDON DAILY TELEGRAPH ADDS ONE CLOSING DETAILS AT A COMPROMISE AGREEMENT WITHOUT TOTALLY GOALS THAT CALLAGHAN HOPES TO TAKE DESAI'S SECRET PROMISES AND CONTRACTED TO AGREE TO NEW RESTRICTIONS AND SAFEGUARDS ON ITS IN PAKISTAN JAN. 11, ONE DAY AFTER THE NEW YORK TIMES ANNOUNCED THAT FRANCE HAS REQUESTED THE PAKISTANIS CONSIDER ALTERATIONS IN CURRENT CONTRACTS.**

**MIDWEST COLD FREEZES OHIO COAL STOCKPILES**

**JAN. 11 - AS THE NATIONAL STRIKE OF U.S. COAL MINER AND COAL-HANDLING MACHINERY, A SPOKESMAN FOR THE ELECTRIC UTILITY TOLD THIS NEWS SERVICE THAT CUSTOMERS HAVE BEEN ASKED TO VOLUNTARILY CUT IN THAT THEY REGARD THE SITUATION AS 'CRITICAL' FACILITY IN SHIPPINGPORT, PA. HAS BEEN SHUT A DAY, HOWEVER A SECOND COLD FREEZE IS PRE WEEKEND. THE ONGOING MINERWORKERS' STRIKE ALTERNATIVE USED LAST WINTER DURING THE FRESH COAL TO REPLACE FROZEN COAL IN THE OHIO STATE ENERGY OFFICE DURING TV COAL DELIVERIES TO RESIDENTIAL USERS**

**A SPOKESMAN FOR THE U.S. DEPART WILL DO NOTHING IN THE PRESENT SITUATION. HE ADDED THAT THE PRODUCTION BY THE ONGOING STRIKE AND UNTIL THEN THE GOVERNMENT CONSERVATIVE BRIT FIRMING OPPOSITION**

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