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EXECUTIVE INTELLIGENCE REVIEW

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IN THIS WEEK'S ISSUE

With the European Monetary System in place...and polarization at the break-point between the forces backing the EMS and those demanding the collapse of the world economy...we are in the **endgame phase** of the war over the future of global economic policy...The City of London, the center of the **conspiracy against economic recovery**, is draping itself in the slogans of "**free enterprise**"...but has specified its **real targets**: destroy the **dollar** and **assassinate** the author of the International Development Bank plan that inspired the EMS, U.S. Labor Party chairman **Lyndon H. LaRouche**...

* * *

With this issue we inaugurate a new section in the magazine, **THIS WEEK**...that will explain the most important developments shaping world affairs over the next days and weeks...In this issue, the story of the **plot against the dollar and against LaRouche**...and of the international emergence of a new political policy formation that is making the City of London act like a **cornered rat**...including the statements of certain London-linked bankers **spelling out** the threat to LaRouche..."free enterprise" retailer **Milton Friedman's** public paen to Nazi Finance Minister Hjalmar Schacht's brand of **not-so-free economics**...British press excerpts...the text of the Bonn summit's **tough antiterrorist declaration**...and a tribute to West German banker **Jürgen Ponto**,

murdered by terrorists almost exactly a year ago...whose hopes for a **Grand Design of worldwide economic development** are being **realized** by European and other leaders today...while the British terror machine that killed him now desperately faces **its own extinction**...

* * *

The **latest** on the conspiracy against Labor Party leader LaRouche, and on what's being done to stop it, appear in **COUNTERINTELLIGENCE**...The text of the U.S. Labor Party's **legal complaint against the Heritage Foundation**, which is charged with abusing its **tax-exempt** status by acting as a center of a murderously intended **slander** campaign against LaRouche and his party...A rundown of the **key individuals and institutions** implicated not just in the plot against the Labor Party leader, but in subversion against the United States and **crimes against all humanity**...Plus backup reports on how known terrorists are being deployed to the U.S.... and how forces in Europe and the Arab world are taking on the British and Israeli intelligence controllers who **tell the killers where to strike next**...All in **COUNTERINTELLIGENCE**...

* * *

In **INTERNATIONAL**, how the initiatives undertaken at the Bonn and Bremen summits

are being carried through by Europe's leaders...highlighting plans to industrialize the Third World...with press clips and interviews from France and Germany...revealing a story you won't find in the U.S. media...plus an exclusive interview with one of Japan's top energy spokesmen, during the Bonn summit, on the Japanese efforts to bring America into joint research on thermonuclear fusion...and an analysis of the Soviet Union's attitude toward the Grand Design...

* * *

What marked out the Labor Parties LaRouche for a British hit?...Our **SPECIAL REPORT** supplies the answer by tracing the history of the annual economic summits, from Rambouillet in 1975 to Bonn in 1978...to show a very unique kind of learning process that went on there...a learning process catalyzed by LaRouche's International Development Bank proposal...Included: the full text of the official communiqué from the Bonn summit...

* * *

In the middle of a world policy battle, the Carter Administration finds itself under tremendous pressure to join the Grand Design forces...and under the "Cartergate" gun from Britain's Tory fifth column...**U.S. REPORT** evaluates the struggle over U.S. foreign policy...including the real significance of Peter Bourne's ouster...and top Tory Henry Kissinger's sinister reemergence into the political limelight...Also in **U.S. REPORT**, a documented analysis of the pronuclear turn in U.S. energy policy...and of the attempts to use Mexico's newly discovered giant oil reserves to both drown the nuclear program and bust OPEC...

* * *

Also in this issue: An NSIPS interview with the head of Colombia's largest peasant group, who calls for nuclear power and industrialization for his country, in **THIRD WORLD**...And in the same section, the development policy challenge the U.S. will face on the upcoming meeting of **ASEAN**...A report on the Soviet Communist Party Central Committee's recent central committee plenum, in **SOVIET SECTOR**...And in **SCIENCE AND TECHNOLOGY**, a biologist dissects the hoax of "carcinogens in the environment" that's being used to condemn any and all forms of industrial progress...

COMING IN OUR NEXT ISSUE:

- An ECONOMIC SURVEY that reports on the dramatic agro-industrial, nuclear-powered energy plans for Egypt, and on the balance of forces in the battle between that perspective and the debt-and-destruction economics of the International Monetary Fund;
- An astounding exposé of the British force that's responsible for the twin myths of the "international communist conspiracy" and the "international Jewish conspiracy": the Zionist Lobby. In COUNTERINTELLIGENCE, the full story of how the Anti-Defamation League and its allies have for decades encouraged anti-Semitism and anticommunism in the service of British policy, traced in full detail from World War I to their operations today.

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SPECIAL REPORT
U.S. REPORT
ECONOMICS
SOVIET SECTOR
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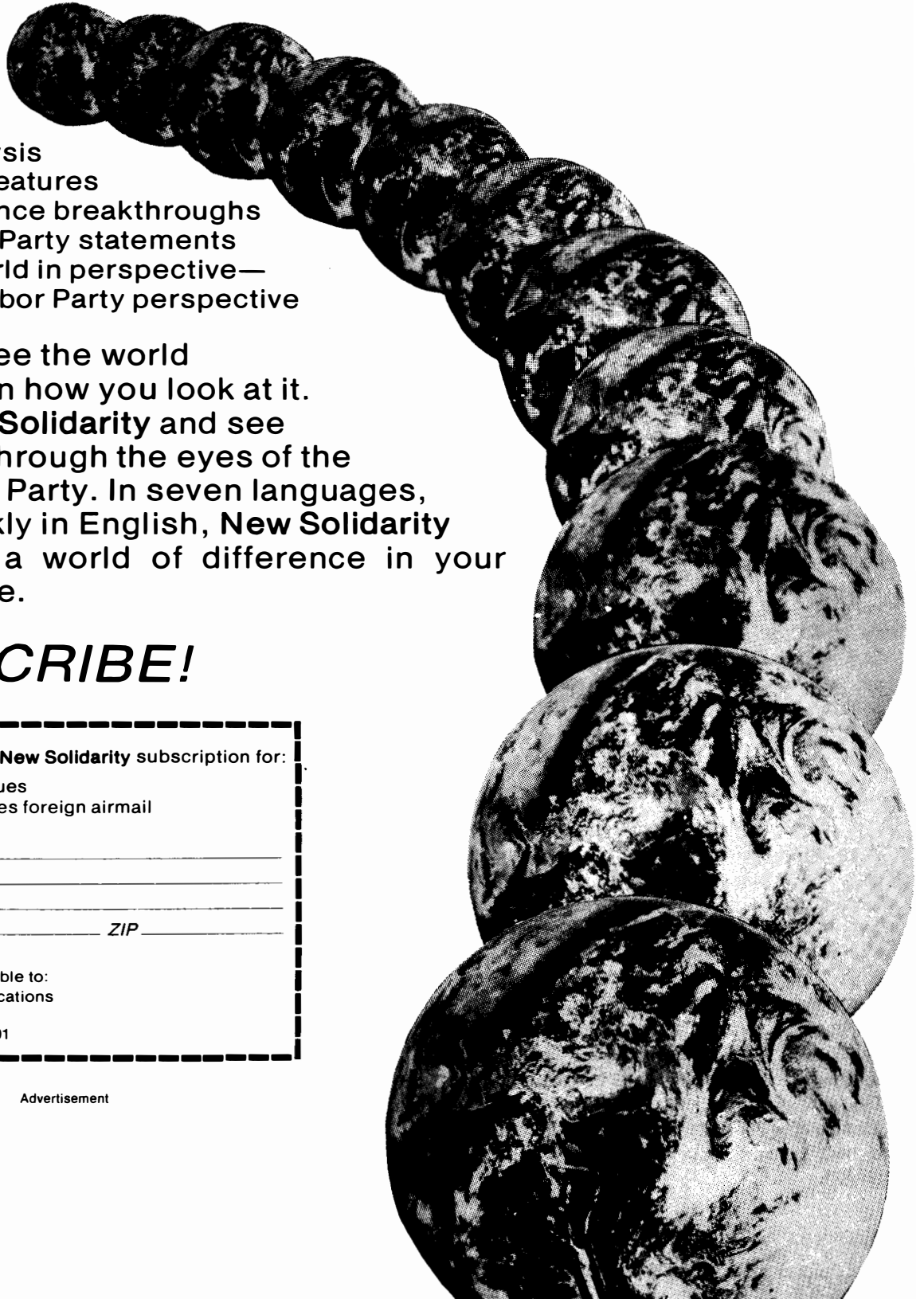
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World In Endgame For Control Of World Economy

This week the world entered into the endgame for the world economy. As the accords reached by advanced-sector heads of state at last month's Bremen and Bonn summits go into implementation stage, the global control of the world economy by the financial interests arrayed around the Anglo-Dutch oligarchy is heading for destruction.

This is no mere assertion, but the correct estimation of both the bankers who are insisting on the formation of a new gold-backed monetary system based on high-technology capital goods exports to industrialize the immiserated Third World, and the City of London. In the view of London's *Daily Telegraph*, the implementation of the Bremen agreement means that the International Monetary Fund — the henchman debt collector for the City of London — would be moved into second place and eventually be pushed out of existence altogether.

In 1915 and in 1933, rather than see their domination of the world monetary system checked, the British oligarchists deliberately created the conditions leading to World War I and World War II. The stakes of the endgame now are either the successful implementation of the Bremen monetary system and the inclusion of the U.S. in the Grand Design now being formulated by the European heads of state, or World War III.

The Anglo-Dutch oligarchists are now moving in blind rage on three simultaneous levels to wreck the Bremen accords:

1. Assassinate LaRouche: The last week's events confirm that a decision has been made at the top levels of the British Round Table to activate their networks in an operation to assassinate Lyndon H. LaRouche, Jr., the National Chairman of the U.S. Labor Party. London is well aware that the accords put into effect in Bremen are based on LaRouche's April, 1975 proposal to replace the International Monetary Fund and World Bank with an International Development Bank which would act as the global credit clearing house for three-way development of the Third World within the framework of a gold-backed monetary system.

London is using its Jewish banking families such as the Rothschilds and Warburgs. Through the Anti-Defamation League and the Zionist Lobby, they have coordinated the assassination deployment against USLP Chairman Lyndon LaRouche.

Integral to this operation has been the liberal support networks of U.S. terrorism such as the National Lawyers Guild. Also included in these legal networks is the Wall Street firm of Bernstein, Seawell, and Kove, connected to the Jerusalem Foundation, and the Knights of St. John of Jerusalem.

As the cases of terrorist victims Jürgen Ponto, Hanns-

Martin Schleyer, and Aldo Moro demonstrate, the murder of LaRouche would not stop there but would be the first in a major wave of assassinations of leading industrialists, bankers, and political leaders.

2. Destroy the Dollar: Through its financial and press rumor networks, through their control of the Organization of Economic Cooperation and Development, and through their agents in the United States Federal Reserve and Treasury, the City of London has embarked on a campaign to destroy the U.S. dollar. These forces have even gone so far as to suggest that the United States bend to the austerity conditions of its "creditors" and accept de facto IMF dictatorship. The watchword in mobilizing U.S. industrialists to cut their own throats and accept a depression in the U.S. is "free enterprise" — as the alternative to what the British have decried as the dirigist policies flowing out of the Bremen accords.

3. War in the Middle East: It should come as no surprise to anyone who has studied the history of the British and Jewish sponsorship of the Nazi movement, that the same Rothschild and Jewish outlets now mobilized against the dollar and for the assassination of LaRouche are engaging in inciting war in the Middle East. This week, the U.S. Anti-Defamation League threw its weight behind the intransigent government of Israeli Prime Minister Menachem Begin. As the Lebanon crisis steadily worsens, the decision to go with madman Begin represents a commitment coming from the City of London to a Mideast war — no matter what the cost.

London faces a formidable correlation of world events and forces now actively moving against them:

*Despite the issuance of a report by the Organization for Economic Cooperation and Development recommending that the U.S. economy contract into a depression while Japan and West Germany reflate, the EEC ministers resolved to hasten their schedule for implementation of the new monetary system from January 1979 to October 1978. Moreover, the European governments have called for extension of the new monetary system outside the European Community; that is, the East Bloc and the Third World will participate.

*West German Chancellor Schmidt silenced the tax revolt ploy of his Economics Minister Count Otto von Lambsdorf with a plan for "Grand Design" tax breaks for working class incomes and for corporations investing in doing research and development. Not surprisingly, a recent Allensbach poll shows that the Chancellor is enjoying the height of public popularity.

*French President Giscard d'Estaing put the government and French press on a "mobilization footing" for the creation of the Bremen European monetary system.

Le Monde, July 27 carried a blistering attack against the British which said: "The French should avoid any mistakes which could place them in an isolated position because the British, you can be sure, will try to divide the European partners and reduce the French-German coalition." *Les Echos* last week referred to British negotiators derogatorily as "Her Majesty's Diplomats."

*Development-oriented forces in Italy are replying to a full array of British deployments to keep the country's already volatile political situation at the boiling point. Italy, *Il Fiorino* wrote this week, has already made a major mistake in allying itself with Nazi Germany during World War II. It must not repeat that mistake now by joining with Britain. *Il Fiorino* asserted that Italy cannot be a part of Britain's efforts to sabotage the program of Chancellor Schmidt and French President Giscard.

*Saudi Arabia's Foreign Minister Prince Saud will arrive this week in Bonn to be briefed on the results of the Bonn economic summit.

*At the Foreign Ministers of the Nonaligned Nations meeting in Belgrade this week several Third World countries lashed out against Britain's destructive economic

policies. Peru accused "international financial organizations" of fomenting social disturbances "through their loan conditions" as a "new, more subtle form of violation of human rights of the developing sector." Jamaica, the victim of two years of intense IMF destabilizations, made similar charges.

*The Soviet Union indicated its willingness to join the European monetary system as a reiteration of their commitment to the huge, 25-year trade pact Soviet President Brezhnev signed with Chancellor Schmidt in May.

*The Carter Administration has formed an interagency Ad Hoc Committee to formally reply to the recent Japanese proposal for a joint U.S.-Japan advanced energy research effort. The committee's formation indicates that President Carter may be taking seriously the communique issued by the seven nations at the July 16 Bonn summit which proclaimed energy development essential to world economic growth.

To realize the Bremen accords and press for the final defeat of the City of London oligarchs is now the task that must be accomplished in the immediate days ahead if this endgame is to be won for humanity.

USLP Confirms Lawyer's Role In Assassination Plot Directed By International Terrorist Controllers

The U.S. Labor Party now has hard intelligence confirmation that lawyer Frederick Block is participating in a live assassination operation against U.S. Labor Party chairman Lyndon H. LaRouche, Jr., under the direction of the top British monarchy nobles who are controllers of international terrorism, according to a statement issued July 28 by the party.

Block's activity is being directed by the Order of St. John of Jerusalem, Knights of Malta, and its Zionist branch, the Jerusalem Foundation, under the organizations' leaders Lord Caccia, Lord Prior of the Order of St. John, and Henry Harold Sebag-Montefiore, a chairman of the Jerusalem Foundation. Lord Caccia is a long-time British Foreign Office official who was British Ambassador to the United States from 1956-61, prior to the tenure of Lord Harlech, and also serves as a director of the National Westminster Bank, Ltd. Sebag-Montefiore is also President of the Anglo-Jewish Association, and is closely associated with the Hill-Samuel family of the Royal Dutch Shell interests.

Block's direction by this network comes through his former law partner Nahum Bernstein, senior partner of the law firm of Bernstein, Seawell, and Kove, formerly Bernstein, Seawell, Kaplan, and Block, which has offices in New York, London, and Jerusalem. Bernstein, who was identified by his office as a prominent member of the Jerusalem Foundation in New York City, participated in a July 10 meeting of the Foundation held in London which was also attended by Lord Caccia and Sebag-Montefiore.

That July 10 meeting overlapped with the British Crown's mobilization to oppose the resolutions of the EEC July 8 Bremen Summit. Many associates of the above-named individuals have semi-publicly associated the Bremen Resolutions with the well-known economic program of Mr. LaRouche.

Block's role is to use his position as defense lawyer for a criminal psychotic, David Newsome, who is currently on trial in New York City for assault and robbery against U.S. Labor Party leader Paul Gallagher, in order to set up LaRouche for a professional assassination. Block's highly irregular defense has focused entirely on forcing LaRouche to testify in the trial, placing the USLP presidential candidate in a "fixed position" in the vicinity of the courtroom where a "hit", probably executed by Israeli Shin Beth or Mafia professionals, could be attempted with a high likelihood of success.

This is the terror capability of the Black Guelph international nobility. Those who were the assassins of former Italian Premier Aldo Moro now want to assassinate LaRouche. Those who were the assassins of Hanns-Martin Schleyer now want to assassinate LaRouche. Those who were the assassins of Juergen Ponto now want to assassinate LaRouche.

These are the top controllers of international terrorism. The U.S. Labor Party is informing the relevant authorities of all governments. It is immaterial now whether lawyer Frederick Block was apprised beforehand of the significance of his behavior. Now he knows.

Bankers Spell Out Threat To LaRouche

Made available to this news service are portions of an interview with Henry Bloch, senior vice-president and board member of the Warburg, Pincus banking house:

Q: Do you know anything about some group called the 'Labor Alliance'?

A: Yeah, you mean the Labor Party. Look, let me tell you about them. They go under five different names, the Heritage Foundation, the Labor Party, and a bunch of others I don't remember They're full of fantastic nonsense, they have very imaginative and meaningless theories. They're some kind of Trotskyite group, on the fringe of the left, but there's not even one or two real Marxists. They have much less understanding than it seems, though what they purport to present are total pictures.

Q: Are they dangerous or terrorist?

A: No, they're not terrorists, although one or two of them might have such a background. Let me tell you, though, they are quite effective; they go around telling people who killed Ponto, that kind of thing.

Q: But why are they dangerous?

A: They are dangerous because they are very intelligent. They are even worse than that.

Q: What do you mean?

A: I can't say more than that; I know it's the case because of confidential information which I can't tell you. Let me give you an example, though. Remember Malcom X? Now he was a potentially very dangerous man.

Q: But somebody killed him.

A: Yes, but he was potentially dangerous

'It's Leftists Who'll Hit LaRouche'

Disque Deane, limited partner at Lazard Freres, made the following remarks during a discussion of the LaRouche assassination threat and the Detroit assassination network coordinated, in part, by Max Fisher, a leader of the Zionist Lobby in the Midwest.

Max Fisher would never get involved in anything like that. He's a good friend of mine. He's a conservative. He's a friend of Henry Ford's. All he does is some philanthropy, to halfway houses. But what I can do for you is put you in touch with the network. The Michigan network.

It's retired D.A.s, police sergeants, people like that. It costs money. Ask your LaRouche what he's prepared to spend, then I can put him in touch with my man in the network

On what you said earlier about London's influence being reduced as a financial center — you are precisely

right. That \$50 billion fund could make great inroads against the London market, just as the government is crowding out the private sector here, issuing more bonds ever day I don't like the government interfering with the free market.

On the people you mention in London — they would never order a hit. They don't work that way. Somebody always gets caught. No — the kind of people who might hit your Mr. LaRouche would be some very left-wing labor organization, that doesn't like your using the name labor.

Milton Friedman: "Schacht Was A Genius..."

ATLANTA, Ga., July 24 (NSIPS) — The audience of WGST radio's noon talk show broadcast here today heard Milton Friedman, the British-controlled Tory economist and prophet of the anarchist "tax revolt," praise Hitler's Finance Minister Hjalmar Schacht and put forward Chile's fascist Pinochet regime, which Friedman helped create, as a model for the Third World.

Interviewer: "Could you define monetarism?"

Friedman (referring to Lord Keynes, the "left" side of Britain's "left/right" stable of fascist economists, and popularly supposed to be Friedman's great "ideological opponent"): "Don't get me wrong, Dr. Keynes was a great economist...." Here Friedman proceeded into a rant on his own special theories about money manipulation.

Interviewer: "Well, I just had a caller who compared your policies to Hjalmar Schacht, who he tells me was Hitler's Finance Minister, and said that Third World countries share this view of your policies. I also want to ask you about Chile; he said the policies in Chile are an outcome of your intervention...."

Friedman: "That's a terrible, terrible question; it comes from a very confused individual....Dr. Schacht cannot be held responsible for the crimes of the Nazis. Hitlers arise from monetary instability, and Schacht was a genius at preventing monetary instability. Had his policies succeeded, Hitler would not have come to power In Chile, we have seen a remarkable, a great turnaround from the days of the previous (Allende) regime"

Friedman, an inside member of Britain's Zionist Lobby intelligence operation in the U.S., has also been identified as an integral part of London's current "Operation Conservative" to sucker American conservatives into a treasonous "free enterprise" campaign to collapse the U.S. economy into depression. These networks are targeting U.S. Labor Party chairman Lyndon LaRouche, along with other prominent Americans, for assassination as crucial to this operation to destroy the U.S.

London Times: Defending 'American Liberalism'

In twin editorials in its July 25 issue, the London Times put forward the programmatic themes of London's international strategy: the submission of the U.S. dollar and the world to the International Monetary Fund, and the bestial British tradition of Locke, Ricardo, Adam Smith, and Keynes—which the Times has the cheek to present as encompassing the American Revolution which was fought against it. Here are portions of both editorials.

London Times, "Why the Dollar Problem Must Be Solved":

When the leaders of the western industrial world held their summit meeting earlier this month at Bonn, the largely unspoken background to their discussion was the continuing weakness of the dollar. . . . The continued slide of the dollar is without question placing an increasingly serious strain on the international economic system. . . the Carter Administration, like its predecessors, declines to face the real dollar problem. This centers on the fact that the dollar is carrying out an international reserve role out of proportion to the relative size of the American economy in the industrial world as a whole. In other words there are simply more dollars around in the world than people want to hold in their portfolios. Until something is done to change this imbalance the dollar will be under continual long-term pressure. . . . At some time in the next five years, the crisis will return in an intensified form and the problem will have to be faced directly.

There are a number of ways in which this could be done, many of which have to be examined in the context of the International Monetary Fund. In one form or another, however, they all come down to some kind of funding for the unwanted dollar balances. Holders of unwanted dollars will have to be offered some other non-depreciating financial asset (or equivalent guarantee for continuing to hold dollars), which the United States

will have to fund over a period of say, half a century. Without some such moves, exchange rate stability is a chimera.

London Times, "An Economic Prison":

Today's debate on the Government's pay policy will divide both the Labour and Conservative parties. . . . The division in the Conservative Party is the more interesting. It cannot usefully be described as one between right and left; it is between those Conservatives who trace their intellectual history back to English liberalism and those who trace theirs back to Burkean ideas of the community. It is a division between liberal Conservatives and tory Conservatives, and there is nothing to be gained by classifying either as to the left or right of the other.

Historic Roots

Both traditions have their roots in the 17th century. The Tories are the descendants of the royalists who fought for King Charles I. Their ideas are paternalistic and interventionist; they support the authority of the state. . . . Pure Tories are hard to find, but it is clear that the 'moderates' are Disraelian Tories at heart. . . . The liberal ideology. . . is based on the English school of political and economic liberalism. It owes its basic ideology to Locke, reinforced by the doctrines of the American Declaration of Independence, and by the classical British school of economists, Locke, Adam Smith, Ricardo, Mill, Marshall and certainly the young Keynes. . . . Whereas Toryism looks at the individual from the point of view of his obligations to society, liberalism looks at society from the point of view of the liberty of the individual. As John Stuart Mill wrote: 'a State which dwarfs its men, in order that they may be more docile instruments in its hands even for beneficial purposes—will find that with small men no great things can really be accomplished. . . .

Ponto's Contribution To The Grand Design Comes To Fruition

July 31 marks the anniversary of the murder of Juergen Ponto, chairman of West Germany's second largest bank, the Dresdner Bank.

In sharp contrast to the environment of terror which Ponto's assassination at the hands of a band of British-controlled terrorists brought on West Germany and Western Europe during the summer and fall of 1977, today, the "Ponto Plan" for economic industrialization of the Third World forms an important part of the Franco-German alliance for a Grand Design of peace through economic development.

As one official source in West Germany recently confirmed, Ponto's proposal for the intensification of European economic cooperation with both white and black African nations has been adopted as an integral part of West Germany's development policy. Specifically, Ponto was working with African leaders who foresaw the necessity for the leading nations of Africa — South Africa, Algeria, Nigeria, and the French-influenced Ivory Coast — to join their economic forces, with European assistance, to raise the rest of the continent out of its devastating poverty.

Ponto had been the leading figure in a European-wide attempt to join forces with the Soviet Union and the Arab nations to reorganize the international monetary system. The program they had designed was based on Ponto's assimilation of the 1975 International Development Bank proposal authored by U.S. Labor Party chairman Lyndon LaRouche.

Importantly, Ponto and his collaborators had begun to publicly emphasize that employment of South Africa's more highly educated and skilled white labor force as technicians and teachers in regions of black Africa would be a crucial phase in ending racial conflict throughout the continent.

Simultaneously, Ponto personally directed attempts by West German private banks to set up adequate financial facilities to back these proposals with European long-term investment in developing nations. The Dresdner Bank, especially its Luxembourg subsidiary, took a leading role in promoting gold as a private and central bank reserve medium, to generate the necessary liquidity to sustain long term finance.

Of course, today, remonetization of gold is the implied, immediate next step outlined by West German Chancellor Schmidt and French President Giscard to bring the European Monetary System, voted up at the July 7 European "Bremen" Summit, into implementation phase.

Ponto's activities at the Dresdner Bank were also highlighted by his support for East-West trade and European-wide nuclear energy development. The Dresdner Bank has issued multibillion-dollar loans to the Soviet Union to finance imports of West German goods. At the same time, it has publicly supported creation of a

European-wide bank specifically to finance nuclear power plant construction.

Who Was Ponto?

What distinguished Ponto as a business leader was his grasp of economics as political policy formulation and cultural development of the working population. As a Catholic humanist, he was a protégé of the same Catholic humanists who backed the career of former Chancellor Adenauer against massive, and continuous, British opposition and destabilizations.

A close personal friend of Chancellor Schmidt, he not only advised Schmidt on economic policy but shared with him an intense preoccupation with universal culture — both music and philosophy.

Ponto was murdered by British intelligence, which used Baader-Meinhof terrorist networks as their conduit to cover their tracks, because uninterrupted fruition of his efforts would have immediately threatened London's influence, especially in Europe, as a financial and political force.

Unfortunately, Ponto's own greatest vulnerability was that he refused to admit how many intense enemies his

Bonn's Stand Against Terror

West German Chancellor Helmut Schmidt, French President Giscard, and their allies, the men who successfully created a European Monetary System, are keenly aware that Britain's professional terrorist killers will now be gunning for the EMS policy and its advocates. That is why, at the Bonn summit meeting, they forced through the toughest stand ever taken for government action against terrorism.

The accord, signed by leaders of West Germany, the United States, Britain, Canada, France, Italy, and Japan, will now be taken to their respective governments for ratification. It reads:

"The heads of state and government, concerned about terrorism and the taking of hostages, declare that their governments will intensify their joint efforts to combat international terrorism. To this end, in cases where a country refuses extradition or prosecution of those who have hijacked an aircraft and-or do not return such aircraft, the heads of state and government are jointly resolved that their governments shall take immediate action to halt all flights to those countries. At the same time, their governments will initiate action to halt incoming flights from that country's airlines that depart from any other country."

humanist efforts had provoked against him. Naively, he maintained ongoing business relations with the core members of London's network — for example, the Rothschild-related Lambert family in Belgium. Simultaneously, he refused to publicize his behind-the-scenes diplomatic activities.

The extraordinary evidence of what he had been doing became public only after his death. Moreover, for several months, leading European security officials hesitated in blasting the British conspiracy responsible for his murder.

Following Ponto's death, a wave of brutal terrorism hit Europe for months, claiming leading West German industrialist Hanns-Martin Schleyer, former Italian Prime Minister Aldo Moro and several others as victims.

The British also did not fail to take into account the indispensable contribution which LaRouche had made to these beginning European efforts to build a Grand Design. Informed intelligence sources communicated to LaRouche in the days following Ponto's death that LaRouche's name had been found on the Baader-Meinhof "hit list." Only extraordinary security precautions, and

an international political mobilization directed against the British conspiracy, succeeded in preventing LaRouche's assassination during those months.

The successful July 7 Bremen summit, where the European Monetary System was declared, not accidentally, was accompanied by a barrage of attacks against Britain throughout the continental European press. Schmidt and Giscard had learned a lesson which now needs to be picked up, quickly, in the U.S.: It is impossible to put the world on a program for global economic recovery and technological progress, unless the forces behind the Grand Design deal a defeat to the London conspiracy which has regularly employed terror and war to prevent global economic growth.

At the July 16 Economic Summit attended by President Carter, Schmidt and Giscard successfully gained agreement on an international antiterrorist program. Since then, on July 27, *Il Fiorino*, Italy's leading financial daily, stated this lesson once again. The two major foreign policy mistakes Italy has made in the 20th century, it stated, were its alliance with Hitler in World War II, and its alliance today with London.

Bonn Leaders Map Industrial Strategy For Third World

European Finance Ministers met in Brussels this week to map out a division of labor among financial institutions, central banks and economics ministries for the implementation phase of the July 6-7 Bremen accords on currency stabilization.

At the same time, the French and German governments have begun to put political flesh on the bare bones financial agreement by moving to transform and expand the European Economic Community into a coherent system of economic relations, capable of bringing the underdeveloped regions of Europe, as well as the so-called Third World, into the new era of growth and technological cooperation.

The Franco-German strategy centers around two points. One is the perspective of nuclear energy development outlined in the communiqué issued at the Bonn summit of industrial-capitalist countries July 17. The second is the provision of "no strings attached" economic aid in order to most rapidly industrialize underdeveloped regions and enable them to contribute immediately to the realization of the Grand Design.

This was the viewpoint expressed in interviews with leading West German political figures and by France's top foreign policy commentators in the aftermath of the Bremen and Bonn summits.

The Deutsche Bank

Calling the Bremen decision to dismantle the Bretton Woods monetary system and set up a new one in its place "a courageous step in the right direction," Dr. Wilfried Guth, Chairman of the Board of Deutsche Bank — West Germany's largest private financial institution — expounded what must now be the view of every sane European banker in an interview with the *Welt am Sonntag* of July 23. Here is the text:

Welt: How do you view the currency decisions at the Bremen EEC conference?

Guth: I view these decisions as a courageous step in the right direction: towards a joint European currency policy . . . nevertheless, there is a good basis for the view that France can soon join the group. But on the other hand, in the case of Great Britain and Italy, there is the question as to whether these countries are ready, or, on the basis of their domestic political situation, are in the position of submitting themselves to the rules of the game of this system . . . one should not complain, because from time to time, just like now in Bremen, politicians disregard the thinking of experts and, so to say, 'take a great gamble,' for the world the world is put into motion by such initiatives. But what is decisive is that they are proven to have the same courage and the same consistency in the stability policy that

is necessary for the common goal, which is increasingly demanding hard day-to-day decisions.

Welt: The international currency disorders have in the most recent period . . . come from the dollar. Can this be generally overcome by European measures?

Guth: The fate of the dollar will continue to be decided in Washington . . . Above all, the Americans must get a grasp on their energy problem and inflation, and decrease their high balance of payments deficit. Only then will trust be basically reestablished in the most important currency institution and reserve currency in the world, and the exchange rate of the dollar will stabilize on the currency markets at a suitable level . . . in the past, the European central banks have actually intervened sometimes in the opposite direction, i.e., individual partner countries have for example sold dollars with currencies that were available while the Bundesbank has bought dollars . . . in the future, a joint investment strategy (is needed — ed).

Welt: In your opinion, what are the preconditions for greater international currency stability and to a solution to the economics and growth problems?

Guth: . . . national campaigns against inflation . . . the effectiveness of public expenditure programs is increasingly acknowledged as questionable . . . stimulating private investment . . . instead of maintaining the structures that have been handed down, the policies of the international trading countries in the future must, more than in the past, make economic change easy in production and sales. In particular, the industrial countries must open their markets to the developing countries. If this doesn't occur today, then tomorrow these countries cannot play their predetermined role as dynamic markets and as the economic growth motor of the world's economy....

Two-Tiered Community?

West German Chancellor Helmut Schmidt was similarly quoted by Reuters on July 20, emphasizing that "There would be a two tier (European Economic) Community if Britain and Italy failed to join a proposed enlarged European monetary system." However, Schmidt said he was hopeful of British and Italian cooperation in the new monetary arrangement, which West Germany and France plan to launch in January to create greater monetary stability.

Schmidt attacked recent British and German newspaper criticism of the new monetary plan as "petty" and said "anyone who just plays safe is no use in the construction of a European Community."

Reuters further reported: "The Chancellor said funds of up to \$50 billion in foreign exchange and gold reserves behind the proposed system would be large enough to deter speculation. The arrangement was not directed against currencies outside the proposed system like the

dollar. On the contrary, it would help curb fluctuations in these currencies, he added."

In an exclusive interview with NSIPS, former West German Development Minister Marie Schlei also stressed the critical necessity for third World industrialization and gave her full support to West German Chancellor Schmidt's Bremen policy. Schlei — an expert on Third World development policy — praised U.S. Secretary of State Cyrus Vance and Ambassador Andrew Young for their efforts to bring peace and economic development to southern Africa, in contrast to the approach of U.S. National Security Advisor Zbigniew Brzezinski.

The Namibia settlement reached last week was cited by Schlei as particularly crucial for the establishment of a climate for stable economic relations in Africa. She announced that West Germany now has under consideration a major development program for Namibia and nearby Botswana through an initial 3 billion deutschmark investment fund.

A source in the West German government confirmed that the exemplary Ponto model for regional development in southern Africa is operational West German policy. The plan, developed by Dresdner Bank official Jürgen Ponto, was based on the remonetization of gold. It included cooperation between key black African republics and white-ruled South Africa on the basis of the most rapid development of skilled labor within the region.

Human Rights: "Living Under Decent Conditions"

Hans-Dietrich Genscher, the Vice-Chancellor and Foreign Minister of the Federal Republic of Germany, detailed his country's policy towards the Third World in a July 23 article in the *Hamburger Abendblatt*. Mr. Genscher is also chairman of the small Free Democratic Party (FDP), which forms the West German coalition government together with the larger Social Democratic Party of Chancellor Helmut Schmidt.

During the week of July 23-28, Mr. Genscher was the chairman of the Second Lomé Treaty Conference in Brussels. The Lomé Treaty, signed in Lomé, Togo in 1976, reduced or eliminated European Economic Community tariffs on a wide range of goods produced in the Third World, and it is the best example so far of North-South cooperation on markets and trade.

... The BRD is an industrial country which produces, to a great degree, for the export market... the BRD must therefore be interested in peaceful international cooperation and exchange on the basis of a functioning world economy... In former times, political and economic problems of our world were handled by a few power centers, while today we are confronted with a complicated network of international relations... Therefore, the BRD has added to the main points of its foreign policy, the European Alliance and Ostpolitik, Third World Policy. This is now part of our overall policy...

One difficult source of conflict is always the lack of

attention to elementary human rights. We therefore demand, that these rights be realized everywhere. This means, that all human beings should be able to live under decent conditions. Therefore, we all have to fight actively against hunger and misery throughout the world. We should not forget that we also received help in the most difficult postwar period.

... already today, four out of every five marks given for development aid come back in the form of orders for industry. Therefore, the future of our industry, and of our jobs in the next ten years or so is not in simple mass production, but in the production and export of technologically highly developed goods. Cooperation between partners also means the international division of labor... philosophical discussion about fair prices does not help anyone... but there is a common interest in prices that are predictable for the long term. Everyone of us expects an increased living standard from our economy, and this also holds for the Third World.

Following the original division of labor between French President Giscard d'Estaing and West German Chancellor Helmut Schmidt to organize for Grand Design policies, the French are now concentrating their efforts on restructuring the European Economic Community. The French aim to offer development opportunities to the economically depressed southern tier (Spain, Portugal and Greece) while excluding troublemakers like Great Britain from the scheme should this become necessary.

In an important two-part article, *Le Figaro's* respected foreign policy commentator, Paul Marie de la Gorce, called for a renegotiation of the Treaty of Rome (which established the European Community) in order to "diversify" Europe's commercial and industrial potential. "Consolidation of democracy" in the Iberian peninsula — whether through direct entry into the EEC or through some other viable trading arrangement — would go a long way toward eliminating the destabilization efforts launched from this region, de la Gorce noted. Such an economic improvement would benefit both the southern European countries and the rest of Europe as well.

France and the Nuclear Debate

The following are excerpts from a two-part series of articles that appeared in *Le Monde* July 22 and July 23, by Paul Granet, a deputy from the U.D.F. coalition of parties that supports French President Giscard d'Estaing. In it he develops the reasons for France's commitment to nuclear energy and its development in the Third World, as well as a direct reply to the Carter Administration's policy.

It is true that the fight for national independence must always be fought. And today, everything is put into question in the nuclear field. It is relevant, now more than ever, to recall the legacy of General de Gaulle... independence, not denatured into a passive neutrality, but willed as an active contribution to international equilibrium, a condition for peace... No independence without energy autonomy and a nuclear industry, no independence without armed nuclear forces. To reach this double objective, there is one condition: to have uranium — or enriched uranium or plutonium — with no strings attached. In sum, to become

masters of the plutonium cycle

The spread of atomic techniques is not in itself a factor in the multiplication of weapons. Restrictive measures concerning the diffusion of knowledge or technology could be even more dangerous

As soon as he was elected, Mr. Carter launched a great offensive around the theme of nonproliferation The nuclear nonproliferation bill could also signify that the United States wants to force us to abandon recycling and the fast breeder by prohibiting the recycling of enriched uranium supplied by them. In that case, we would find ourselves under the obligation to carry out a new and total "war for independence," nothing being negotiable. . . .

On an international level it is remarkable that the developing countries are more and more turning towards us. They hope to realize their economic takeoff thanks to a nuclear industry benefiting from French support. Sellers of uranium ore, buyers of nuclear plants, and research installations, they can defeat the will of the two superpowers to "police" the world

Tomorrow, the Germans will have to choose. They can accept Carter's conditions But the Germans have been as struck by Carter's imperialism as others (they felt it with the Brazilian contract) and they are undoubtedly tempted to give a content, with the nuclear issue, to a political Europe. In this hypothesis, we could offer them participation in Eurodif and Coredif (uranium enrichment consortiums — ed)

We make only one recommendation (to the French government — ed): never give in when the conditions for independence are at stake.

"European Approach"

Yves Guena, Gaullist party deputy in the National Assembly and political advisor to Gaullist leader Jacques Chirac, wrote in the July 21 issue of *Le Monde* attacking Britain's historic opposition to Grand Design policies. Below is an excerpted translation.

Europe can become a great power and, in sum, it must become so. Through its population, its industry, its scientific capability, the Europe of the Nine is theoretically equivalent to the two giants who share the world; one day it should be able to balance them in the great planetary game.

We, the Gaullists, are partisans of the construction of Europe, and we give this word all its meaning From the start, let us stress that two snags must be avoided: the dilution of the Common Market into a free-exchange zone, and the follies of supranationality.

The free-exchange zone is, with or without this name, the alibi, the good conscience of those who speak about Europe but are resolved not to build it, of those who are inclined only to build the Europe of the merchants

In several circumstances already we have shown our resolve to avoid this bastardization of the European idea. One can recall the fight led by Couve de Murville (the Foreign Minister — ed) in December 1958 when General de Gaulle opposed . . . the sabotage attempt undertaken by England for the profit of the free-exchange zone. One can also recall how, later, in 1962, General de Gaulle said no to Great Britain which sought, for lack of being able to destroy the Common Market from the outside, to enter it, but without accepting its rules, and thus to undermine it from the inside. Twice, the Gaullists saved Europe from its fragile beginnings

Then, we succeeded in imposing the Common Agricultural Policy The second danger (is) the maximalism of the supranationalists

We denounce the deficiencies of Europe's energy policy. This is the great problem of the hour: would the European countries be without ideas or common will to face this crisis?

The response to the efforts undertaken by France and West Germany on the road to monetary unity will be the touchstone of the good will of each country. And no one should be surprised — it's in their nature — at the equivocations of the English.

To what avail all these efforts, and perhaps these sacrifices, this frenetic search for Europe, if Europe is only to be, according to Kissinger's expression, a regional power, a practical relay for American policy on one extreme of the Euro-Asian continent?

Portugal A Key

French President Giscard d'Estaing has just returned from an exceptionally fruitful visit to Portugal, part of a broader drive to draw southern Europe and Africa (via Portugal's former colonies) into the emerging Grand Design. The French government extended \$100 million in economic aid to Portugal, bypassing the IMF and its strictures.

The loan will help finance French exports to Portugal. French participation in Portugal's fledgling nuclear program is also under consideration.

Paul Granet, a French member of the European Parliament, has recently elaborated France's role in the international development of nuclear energy. He noted that because of France's unique position vis-à-vis the African countries, from which it can obtain uranium fuel, the Third World is looking to France to fulfill its nuclear needs.

Both France and West Germany are perfectly willing to exclude Great Britain from the new trade and development initiatives if its obstructionist behavior continues. According to the French financial daily *Les Echos*, Britain will be offered the choice: join and cooperate or be left behind.

Grand Design Versus Race War In South Africa

In the last two weeks, Western Europe's Grand Design policy has spurred a general entente on the continent of Africa — a rapid-fire series of settlements of conflicts including the Namibia settlement, rapprochement between Angola and Zaire, a cease-fire in the Mauritania guerrilla war, and a signal from South Africa that they want to resume détente with black Africa.

Scurrilous press reports to the contrary, U.S. Ambassador Andrew Young and his aide Donald McHenry have played the key American role in this process, along with West German Chancellor Helmut Schmidt and other European leaders. Like the European leaders, Young has explicitly and repeatedly based his vision of U.S. Africa policy on escalated U.S. aid for

development in Africa (see box).

This process is now threatened, however, by a desperate British-inspired counterattack witnessed in the escalation of atrocities against black and white civilians by the pro-British "Sandhurst clique" in the Rhodesian military. Accompanying hysterical predictions of a general massacre of the white population, are cries from the British Tory party for support of Rhodesian Prime Minister Ian Smith's bogus and illegal "internal solution."

Abetting the British, the United States Senate voted up an amendment to this year's foreign military-aid bill on July 26, setting conditions under which President Carter would be required by law to end the U.S. economic boycott of Rhodesia.

The Senate's action sabotages the further progress of the already astounding accomplishments of Ambassador Young and Donald McHenry, who, on top of the Namibia settlement, have been responsible for the improvement of U.S.-Angola relations and, in conjunction with Western Europe, South Africa, and the black front-line states, have the best chance of arriving at a peaceful settlement in Rhodesia. The Namibia settlement — which provides for a transition to independence of the South African colony by next year — was reached by close collaboration between black Africa's five front-line states: Angola, Botswana, Tanzania, Mozambique, Zambia, and Western delegations from France, the U.S., West Germany, Britain and Canada. While the front-line states kept the pressure up on the Namibian SWAPO liberation movement to settle, the Western delegations applied the pressure on South Africa.

In the middle of this coordination, West German Chancellor Helmut Schmidt paid a visit to Zambia just prior to the Bremen summit, where he discussed with President Kenneth Kaunda peace plans and Europe's new development-oriented foreign policy. Schmidt particularly made the point that while Germany

Andrew Young Leads U.S. African Policy

From an exclusive interview with the Mexican daily El Sol, July 21:

The rich countries can only benefit from the progress of the less wealthy countries, said the controversial U.S. Ambassador Andrew Young in Geneva, defending the "right of the developing countries to economic expansion."

Young, disavowed on innumerable occasions by the State Department, had the opportunity today, between lines, to defend his personal style of diplomacy by saying that "One must proceed with the largest dose of credibility, even if there are misunderstandings."

"The possible success of the current negotiations with Namibia demonstrates to us that our current diplomacy in Africa, in the direction of stabilization, cooperation, and respect for human rights, is correct."

supports the front-line states over Rhodesia, they have extensive economic ties with South Africa which they are not about to break in any dangerous and self-defeating embargo. The dismantling of apartheid must be accomplished in the context of economic growth, he added.

Ending Apartheid

South Africa has responded to this diplomacy with an appeal for the resumption of détente with black Africa. Foreign Minister R.F. Botha welcomed the Namibia settlement with the statement that this represents "a possible new era in southern Africa..." This opens the possibility of South Africa and the front line states resuming their 1973 collaboration in getting an acceptable settlement in Rhodesia and ending the war, and subsequent negotiations over apartheid along the lines laid out by Chancellor Schmidt. This latter issue was discussed recently by South African manufacturing and mining magnate Harry Oppenheimer, who has reversed his previous support for low-wage labor intensive investment — which would tend to augment the apartheid policy — with a call for capital intensive investment and rapid economic takeoff in South Africa as the only road away from further domestic upheaval.

—Peter Buck

Oppenheimer Denounces IMF Austerity

Henry Oppenheimer, chairman of the Anglo-American Corporation and South African gold and diamond magnate, argued for capital-intensive investment and the upgrading of the southern African labor force in a speech, quoted here, to the International Monetary Fund Conference in Mexico City, May 22.

...I am convinced that an attempt to meet South Africa's problems by containing wages and favouring a relatively simple structure of production is bound to fail. We have reached an advanced stage in our economy from which we cannot go back. New development will either be carried through in a sophisticated manner or will not be carried through at all. There is no real choice in most modern industry between high wages and much mechanization on the one hand and low wages and little mechanization on the other....

...My belief is that progress in any sphere and not least in the economy is not best sought by way of a general advance all along the line but by a significant breakthrough on a narrow front....

If it is assumed that South Africa is able to finance a rate of growth which must be not less than about 5 percent per annum to allow all the new entrants to the labour market to find employment the effect must be a huge growth in the black urban population outside the homelands....Moreover, of these black workers much larger numbers will require to be skilled....The only economic situation which is compatible with apartheid is one of stagnation in which development of the modern sector of the economy is limited to a level at which the majority of the skilled work can be handled by the whites and the black participation is kept to a minimum. This

means that the growing black population would have to be accommodated in relatively undeveloped rural areas where, as in a number of other so-called developing countries, their numbers and their miseries would be likely to be limited only by the merciful effect of a high death rate. It is no wonder that many of the blacks and notably the Zulus who are the largest of the tribes, are rejecting the independence offered them and demanding their share in the development of a united South African economy....The fact is that any attempt at this time to redraw boundaries anywhere in Africa is bound to lead to war and not to peace. So, to my mind, our only hope is to work towards a broadly based South Africanism in which tribal interests, black and white, must be merged. Do not let us pretend that this will be easy or that success can be guaranteed. It is, however, better to try something

difficult — even something as difficult as changing the minds of men — rather than to set out on a course which the facts and figures show from the beginning must lead to a dead end. There is at least one major factor which works powerfully in the direction of unity and that is the growth of a powerful modern, free-enterprise economy in which black and white would...necessarily have to share....

To call for higher wage rates and the end of racial discrimination in industry while at the same time seeking to deny South Africa the capital inflow which is necessary in order to offer these conditions not just to a privileged elite white or black but to the masses of people, involves muddled thinking if not indeed intellectual dishonesty....

U.S., Japan Must Cooperate On Fusion

Exclusive interview at Bonn with Japan Trade and Industry Ministry official Amaya

U.S.-Japanese cooperative fusion power development is crucial to the realization of the energy and economic development programs adopted by the western heads of state at the Bonn, West Germany economic summit. Mr. Amaya, Director General of the Agency of Natural Resources in the Japanese Ministry for Trade and Industry told the Executive Intelligence Review on July 17. The complete text of Mr. Amaya's exclusive interview with the Executive Intelligence Review, conducted by our Wiesbaden correspondents only days before the historic Bonn meeting, follows.

Q: Prime Minister Fukuda, during his recent trip to the U.S., made some far-reaching proposals for cooperation in the area of fusion energy, and said Japan was willing to offer \$1 billion in order to finance such cooperation: Does your government expect a positive response to the Prime Minister's offer from the U.S. government?

A: I think Mr. Carter is also very positive in his support for this project. In fact, the details have not been decided upon at all, they still have to be discussed between the experts of both countries.

Q: I'd like to describe the broad collaboration already existing between the BRD and Japan as a Grand Design. Do you think that your cooperation with West Germany will draw in the U.S. as well into participation in global economic recovery, cooperation in R and D, and Third World development?

A. Our cooperation in the fields of science and technology is extremely important just now, and I think the most important area of this cooperation is between

the U.S. and Japan. I imagine that the reason why Mr. Fukuda is very much interested in pushing support for this project is, firstly, that he is very much aware of the difficulties we will face in the future because of a shortage of energy supplies. So, we should prepare now to overcome those possible shortages, possible in 5 or 10 years to come. And research and development activities are decisive for that. We need new energy sources to follow up oil. Mr. Fukuda is keenly interested in the field of fusion research, but he is not an expert — he is most interested in the difficulties which have to be overcome by human beings reaching into the future. But, from the technical point of view, fusion is very important. But we also have to take care of such resources as coal — I mean liquification and gasification of coal. So, it is not only fusion, but also these new coal technologies are the issues which have to be jointly studied by the United States and Japan.

Q: Have any concrete proposals been made?

A: The proposals are not yet very concrete, you see, these ideas have emanated 'from the top,' from the very summit. For that reason, there is a political commitment which is coming into being, and the details have not, for the most part, reached the negotiations level at all. The question of how much money also still has to be discussed concretely, on the expert level. (He added at this point that they want to work on solar and geothermal energy as well.) Actually, the second reason why Mr. Fukuda is interested in new areas of R and D cooperation is because he is interested in overcoming problems of our balance of payments surplus. And we have a very large balance of payments surplus with the USA — many

things should be done to reduce this surplus. And one way is to spend money on R and D. Of course, we are interested in buying various things from the United States, but to spend money for knowledge and research is also a way.

Q: You mean that would be more effective than reducing your exports?

A: That's right. It's best to spend money to contribute to the future of human beings, as well as for furthering the good relationship between the United States and Japan.

Q: Do you expect your cooperation with the U.S. to increase, more than in the past ten years, as some other Japanese representatives have expressed it to me?

A: Absolutely, I think so. We already have developed trade of things between us — now we have to increase the trade of knowledge. That is human resources: we think we will have even greater profits from that trade soon, from that sort of international trade. This form of cooperation is only in the embryo stage. We have various agreements, with Germany, France. But, as yet we do not have an active Grand Design. So far, we cannot say that the collaboration was as active as it should be. That I cannot say. We have had agreements with these countries, but actual collaboration, I would say, has not been active up to now. Perhaps that was not because of reluctance, perhaps it was because of a language barrier, long distance, which has hindered Japan and other countries from working together, from collaborating. As you know, the IEA has begun a very broad collaboration in energy R and D. Now Japanese researchers are quite aware of the necessity to collaborate. That is why we are coming forward now with more specific proposals.

Q: Does Japan have any problems with environmentalists?

A: Yes, many problems, but, of course, our environmental restrictions are the strictest in the world. We are even more severe than the U.S. The newspapers are the biggest environmentalists in Japan. They are keen environmentalists (*laughing*). But we have to develop our nuclear energy, because we depend so heavily on oil imports—and if the oil is scarce—that is why we have such great expectations for nuclear energy. On the other hand, the Nonproliferation Act of the U.S. Congress—even though our nuclear energy technologies are not as far developed as those of West Germany, for us to be able to export as much as West Germany does—means that we are not free to export our nuclear technologies. For example, we are very interested in developing enrichment and recycling technologies, but Mr. Carter is very aware and very nervous about the development, export and proliferation of this kind of technology.

Q: Chancellor Schmidt, however, argues that the only really adequate safeguard against misuse of nuclear technologies is to assure that security precautions do not discriminate against a country which needs those

technologies in order to industrialize. Is this also Japan's standpoint, in principle?

A: In principle, our situation is very similar to Germany's. We have very little domestic supply of energy. Therefore, West Germany and Japan have the same interests in atomic energy. And, perhaps, are confronted by the same or similar circumstances, and these make us often think in the same way. But this sometimes contradicts what the U.S. government thinks.

Q: Do you expect positive results for Japan's nuclear technology development to come out of this Bonn summit?

A: No, not really. You see, at the London summit it was discussed by the heads of government, and then it was decided that it would be discussed at the forum of INFCE. Now that discussion is still going on. It will be concluded, perhaps, next year. So you see, before that, we have to just wait for the answer, the conclusion. West Germany and Japan, in particular, have stressed the importance of the peaceful use of atomic energy, and are working toward a resolution which should be compatible with the nonproliferation agreements. We think that, to some extent, we have been successful in impressing the American government of our honest desire to pursue the peaceful use of nuclear energy. It is difficult for us to understand why the American government is so reticent in such areas as the development of the fast breeder, among other things.

Q: To take up that point as an example: how would you like to see R and D cooperation advance, if such obstacles to the fast breeder, which you mentioned, did not exist?

A: That depends on many things. One thing is money. You see, the American government is now applying a kind of weight, pressure, against technological development in Japan by means of various agreements between our two countries, such as agreements concerning our supplies of enriched uranium from the United States. According to our agreement, our technology is controlled by the U.S. Our recycling facilities are under the surveillance of the U.S. government. At the moment, we have the tentative permission to operate these facilities for three years, and after that we are supposed to have a new agreement with the U.S. But, under these conditions, our finance minister is very conservative with funding with what he sees as "risk" projects. That is actually how the U.S. government is limiting technological development in Japan. I do not, however, think this is the right approach. The U.S. has been the most advanced country in these technologies, and should continue to be. The U.S. is capable of that, and has to allow other countries to develop those technologies to contribute to solving the general problem of dependency upon oil imports, as well as of eventual oil scarcity.

But, I am also confident, especially because of this present summit meeting. The heads of state are understanding each other more and more, the collaboration is speeding up. Before the oil crisis the world economy was very volatile. But now the impetus

has been lost, and the leadership of the United States is declining. Therefore, in a sense, the world economy is drifting. How to give direction to the world economy is the important issue, and has to be answered in the collaboration between the leading countries. So far, this collaboration has been very difficult and was not successful. But this time, we can see that the seven countries here understand each other — you see that also in the way our responsibilities to the Third World have been discussed. We in Japan fear the possibility, that if the kind of collaboration discussed here does not occur, the consequences will be grave. We fear that the internal driving force in the economy is declining, perhaps mainly due to the rate of technological development, which is just too slow. Just after the war, up into the 70s, technological development was very rapid. Perhaps even unprecedented. And that was the drive for

economic development. But, some people like, think even technological development has its own cycle. Kondratiev, the Soviet economist, has a wave theory of technological development: this theory says that technological development rose, exponentially, after the war, and it is now on the down curve. How long that is supposed to last, I don't know — some say 60 years. This is the R and D cycle. Some say the reason for this cycle is war, some revolutions, etc. There are many explanations. Of course, the steam engine allowed man to use coal, then we had oil. Now, with the successful development of nuclear and fusion energy, we will see the third great era of prosperity. We are at the verge of the end of the age of oil — but we are between two ages. If we do not build the bridge, we will not be able to avoid the decline and fall of the human empire.

Soviets Blast NSC's Brzezinski Again

But USSR's press remains quiet on the Bremen and Bonn summits

With a scathing 2000-word article in Pravda yesterday, Soviet leaders again signalled rising concern that President Carter is yielding control of foreign policy to the man they trust least, National Security Advisor Zbigniew Brzezinski.

The Pravda polemic is the most recent in a series of statements from TASS and other major press directed against Brzezinski and energy chief James Schlesinger as the king-pins of confrontationism inside the U.S. Administration. Senior American affairs analyst Sergei Vishnevskii cited Brzezinski's orchestration of U.S.

approaches to Peking on an anti-Soviet basis and his adherence to the "theory of international conflicts" on which he built his career as a Sovietologist.

Vishnevskii resurrected a declaration from Brzezinski that Carter should be ready to push the nuclear button "if necessary," since only 2 percent of humanity would die in thermonuclear war.

In an important qualification, Vishnevskii contrasted Brzezinski's ravings to the "official statements of the White House" on the desirability of improving U.S.-Soviet relations. President Carter, he wrote, does not

Shcharanskii: Anglo-Israeli Network Man

When Anatolii Shcharanskii, the dissident, was sentenced to 13 years in Siberia for treason, TASS released a statement comparing his activities to those of Filatov, who was tried for espionage before a military tribunal and condemned to death.

In the midst of barrages of Western press stories sympathetic to Shcharanskii as a persecuted Jewish dissident, a State Department official quoted by *Newsweek* said that "in Soviet eyes, Shcharanskii is guilty as hell."

Shcharanskii had indeed given Robert Toth of the Los Angeles Times "in effect...a list of secret defense plants," places where Soviet citizens refused permission to emigrate under a states secrets law had worked. At the trial, a thank-you letter to Toth for the Shcharanskii information, written by a U.S. embassy military attaché, was introduced.

A deeper insight in Shcharanskii's identity as not

primarily an American spy, but an Anglo-Israeli agent, is provided by the nature of the support operation being run for his case in the west. Avital (Natalya) Shtiglits Shcharanskaya, the prisoner's wife, takes directions for her travels in Europe and the U.S. from her brother in Israel. The brother, Shtiglits, is a member of the Gush Emunim, the fanatical Israeli religious gang committed to expansion of Israel. He arranges the financing for Shcharanskaya's travels.

The fact that Shtiglits was already residing in Israel before his sister married Shcharanskii and emigrated the next day — having known Shcharanskii for a matter of months and only a short time after Shcharanskii narrowly missed marrying another woman on the eve of her emigrating to Israel — points to control of the Shcharanskii case by Anglo-Israeli networks from the word go.

have a "personal vendetta" to wage against the USSR like Brzezinski's. The situation, in other words, is not sewn up.

Even as Moscow issued these warnings, the chief agents of British monetarist interest in the U.S. undertook to weaken the institutions of Soviet-American detente still further. Henry Kissinger told *Der Spiegel* magazine that Washington should go back to the approach used when he was in government in 1972 and the U.S. bombed Haiphong just days before President Nixon went to Moscow to sign detente agreements. The Soviets need to be faced down, said Kissinger.

The case of International Harvester's Moscow representative F.J. Crawford has become the latest cause célèbre of the confrontationists in the U.S., now that the spy Anatolii Scharanskii has been convicted and sentenced (see box). Crawford's arrest on charges of "currency violations" has fueled the Kissingerian argument. Syndicated columnist Joseph Kraft July 23 issued a call to "bring the Russians to account" by refusing any exchange that equates Crawford with Soviet citizens arrested as spies in the U.S.

The *Washington Post*, in a front-page article yesterday, predicted that the most loyal prodetente lobby in the United States, the community of businessmen involved in East-West trade, is about to be torn apart by feuds over the Crawford case and Carter's decision to countermand a Sperry Univac computer sale and place restrictions on oil industry equipment sales to the USSR. Brooks McCormick of International Harvester is coordinating a campaign with Warren Christopher of the State Department for corporations to protest to Moscow on Crawford's behalf.

As an economic lever to pressure Moscow in its "dissidents" policies, the White House imposition of new trade curbs is a bad joke. It is widely agreed — and Moscow says the same — that the Soviets will be able to purchase the affected machinery from West Germany and Japan.

The main result is political: Moscow sees the "realistic forces," in *Pravda's* words, in the U.S. being whittled away.

Soviet Motives

It is not excluded that the selection of Crawford to arrest was not under Politburo control. His case is markedly distinguished from Scharanskii's, especially by the relatively petty charges. It was entirely predictable, moreover, that arresting the representative of one of the USSR's oldest U.S. trading partners would set the climate for even prodetente Americans to denounce Moscow.

The two processes in the USSR which are behind the

Crawford case (especially in the event it is built up further by the Soviet side) also underlie the uniformly anti-U.S. bias of Soviet press coverage of the Bonn summit of western heads of state and surrounding events.

First there is the activity of British agent networks in the USSR aimed at distorting the French-West German leadership of a Grand Design for world economic recovery into neo-colonialism or merely the fruit of "interimperialist rivalry" with the U.S. Playing on anti-U.S. inclinations, these disinformation artists hope to strengthen the hand of opponents to President Brezhnev's Grand Design orientation.

Secondly, there is a profound concern as to whether a turn away from Brzezinski and Schlesinger's dictates can occur in the U.S. This concern is shared by the honest Soviet leaders right up to Brezhnev and his Politburo colleagues.

Even as Brezhnev's son Yurii, a Deputy Foreign Trade Minister, travelled to Japan for talks on a 25-year economic development package like the one Brezhnev signed with West German Chancellor Schmidt, the Soviets maintained a press blackout on the Grand Design. Even as Helmut Schmidt inserted onto the agenda at Bonn antiterrorist agreements that flowed directly from his understanding with the Soviet head of state on terrorism, TASS criticized those agreements on the grounds the U.S. was harboring Soviet hijackers from a five year old case.

A Blast At The British

Exceptions to the blanket of disinformation in the Soviet media reveal the nature of how battles over these policies are being defined. The issue of Great Britain, the obvious alternative target for blame, is crucial.

The Czechoslovak daily *Rude Pravo* this week accused British Foreign Minister David Owen of inability to shed "British colonial manners," as Owen instructed his ambassadors in East Europe to show an active concern for the dissidents there. Recalling "what British attention for us before Munich cost," *Rude Pravo* warned the "Czechoslovakia and the other socialist countries are not British colonies" and Owen would not recapture "Disraeli's glory" by pursuing interests there.

In the East German press, a revived campaign of virulently anti-West German articles has suddenly stopped as if on orders from above, as one West German paper commented. Observers believe that the orders came from party chief Erich Honecker, who has been visiting Brezhnev in the Crimea. It appears that the British-influenced elements in East Germany had instigated the spate of articles ranting about a "neo-nazi revival" in West Germany.

—Rachel Berthoff

Summitry 1975-77: The Learning Process

In the aftermath of the Bretton Woods dollar-gold system's demise, the 1970s have been dominated by a war between two conceptions of a new world economic order, two methods of centralized top-down control of world capital flows.

The first is the Willy Brandt-Felix Rohatyn-Royal Institute of International Affairs goal of disinvestment in industry and energy in favor of subsistence farming and fixed raw-materials extraction through primitive labor-intensive methods, such that the world population shrinks faster and faster until war consummates the genocide.

The second is the International Development Bank conception: achieving exponential technological progress through an international central bank. The bank's reserves, pooled by the U.S., Japan, Comecon, Western Europe, and OPEC, serve as the basis for generating multibillion-dollar long-term, low-interest, gold-backed credits for crash-development investment in advanced agricultural, industrial, and energy projects. Probable starting places are South America's Rio de la Plata region, the Ganges-Brahmaputra area, the potential breadbasket of the African Sahel, and the Mideast's Fertile Crescent.

As nuclear-energy-based cities multiply around the world, the currency dimensions of the Bank's service becomes plain: national currencies — foremost the dollar — are valued, that is to say upvalued, as instruments of trade and investment rather than dissolving as claims on past unpayable debt and future self-contractive looting.

The three summit conferences of capitalist heads of state that preceded this month's Bonn meeting are worth recalling as moments in the war for a new world economic order. In themselves, they represent marking-stones, not milestones, but they show both the failures and potentialities of U.S. world leadership, alongside the evolution of America's allies' attempts to draw America back into a strong, sound role.

London's Idea

The 1974-75 notion of a Western heads-of-state summit was originally Britain's; the formal summit agendas have been set by British-trained Henry Kissinger and his protégé Zbigniew Brzezinski in an atmosphere shaped by the International Monetary Fund and Organization for Economic Cooperation and Development (OECD). So long as the U.S. President was weak, a summit meeting could feed psychological-economic crises through a manipulated leaderless group, and make American presidents even weaker.

The evolution of summit agendas toward the "Grand Design," affirmed by the European Community at Bremen and pursued at Bonn, has had one powerful catalyst: U.S. Labor Party chairman Lyndon LaRouche's 1975-77 International Development Bank proposals, and the reorientation around those proposals undertaken by the leadership of West Germany, France, Italy, Japan, and Mexico.

The International Development Bank conception was preceded by LaRouche's 1958-71 outlines of a gold-backed monetary system forcefully redirected toward industrial growth, and the April 1974 design for a "golden snake" of European currencies linked to the Comecon's transferable ruble — themselves strategic applications of LaRouche's intensive 20-year theoretical advancement of political economy. These proposals were followed by an organizing effort on all continents by the International Caucus of Labor Committees, an effort historically quite unprecedented in its intellectual height and breadth.

THE RAMBOUILLET SETTING

In 1975 the Kissinger forces appeared to be winning by default the war over the new world economic order, although Henry Kissinger himself failed to put through his "safety-net" stranglehold fund for the OECD advanced countries any more than Britain's Denis Healey could secure a \$30-plus billion petrodollar transfusion for the International Monetary Fund.

The year began with the Rockefeller-Paddock plan for triage against the Third World and 30 million Mexicans in particular; Bangladesh and northeastern India were suffering the worst cholera epidemic in decades. The Ford Administration was unable to live up to its responsibilities. While White House chief of staff Donald Rumsfeld explored a return to fixed currency parities with the West Germans, Treasury Secretary William Simon opposed the correlative moves toward remonetization of gold; and by midyear New York City's Big MAC was the prototypical financial innovation on the scene.

The advanced sector had "recovered" from the 1973-74 oil-price havoc — that is, it was running a trade surplus due to the contraction of world trade, and tiding over domestic production with inflationary consumer credit. The result was that the U.S. inflation rate was approaching 20 percent as Rambouillet began.

European capital investment disappeared. The United Nations Special Session of the General Assembly in September 1975 witnessed calls from Algeria, Indonesia,

Bulgaria, Sri Lanka, and Guyana for a new world economic order based on debt relief and financial institutions to promote real growth. Guyanese Foreign Minister Frederick Wills, in the wake of the conference's lack of practical results, went further, avowing that in the future the First World's desperate need of the Third World for the advanced sector's own development must be hammered home. And at the IMF-World Bank meeting soon after, which under French and Mexican guidance refused to promote antidollar Special Drawing Rights and secured an easing in central bank restrictions on gold transfers, Mexico pressed Western Europe to accept the transferable gold-backed ruble as a means to enlarge world trade.

The Miki Proposal

In the U.S., although the Halloween Massacre had tidied Washington of James Schlesinger, Ford's people were virtually excluded by Secretary of State Kissinger from the Rambouillet summit preparations, and both State and Treasury refused to acknowledge pressures from multinationals like International Harvester to move with debt moratoria and expanded Export-Import Bank funding.

Japanese Prime Minister Takeo Miki said in Paris that he hoped the summit would be remembered as the meeting that founded the new world economic order with a new international export credit bank and an end to exploitative, speculative raw materials flows through a nest of world "Lomé Agreement" trade treaties. But President Ford was unprepared to deal with Miki's proposal. Domestic Japanese attacks against Miki, plus restraint on the part of sympathetic West Germans including Helmut Schmidt himself, and Kissinger's manipulation of the French on the commodity issue, relegated Miki's proposal to do away with the IMF to the fringe of the summit.

Backup for Miki from Italy in turn faded. Premier Aldo Moro called for East-West trade expansion but was ruled off the agenda by Giscard. Moro was relegated to a post-conference press statement, amid accusations from the Italian press that Moro himself was too sympathetic to Ford's pressures on Western Europe and Japan to reflate. The conference vaguely committed itself to a "stimulus" posture in the final communiqué ("We will not allow the recovery to falter.... The most urgent task is to assure the recovery of our economies and to reduce the waste of human resources").

On the currency question, the U.S. responded to French and Japanese complaints about dollar weakness by pledging to work for greater stability. This amounted to a sop in exchange for a renewed adherence by America's allies to the linchpin role of the IMF. A grotesque agreement was reached that if 85 percent of the IMF membership agreed to return to fixed currency rates, the U.S. — which under the weighted voting system had 23 percent of the vote — would go along, and violators could be disciplined by another 85 percent vote. However, permission for central banks to buy as well as sell gold (Treasury Secretary Simon had already begun U.S. gold sales) was reaffirmed.

The summit's energy resolution was a soppy compromise between elevation of Kissinger's International

Energy Association and the demands of rationality: "Our common interests require that we cooperate in order to reduce our dependence on imported energy through conservation and the development of active energy sources... (plus) international cooperation between producer and consumer." Ford's proposal that Europe invest in U.S. Project Independence tar sands-style boondoggles had been coolly received.

Giving Summits a Bad Name

Rambouillet gave summit meetings a bad name. French Finance Minister Fourcade's claims that he had secured the first step toward a return to fixed rates via currency blocs pegged to a strong dollar were abruptly scorned by Simon, who announced Nov. 19 that — at most — the U.S. would seek "orderly markets" under the floating principle. The Gaullist *Lettre de la Nation* asked caustically: If Giscard is correct in saying that the roots of the world depression are monetary, then Rambouillet achieved nothing. If not, what next?

Within a month the policy vacuum was filled by economic destabilizations and political offensives. NATO's Hilex maneuvers in December signaled a return to RAND-style war provocations; simultaneously, secret IMF meetings blueprinted austerity and arms-production buildups in Western Europe under the "Tindemans Plan." The extraordinary storms that ravaged Europe and the USSR in January were followed by trade-wrecking storms on the foreign exchange markets.

Weak Loans Exposed

In the first two weeks of January alone, Europe threw a billion dollars into support operations on behalf of the dollar. Then in late January, a run on the weak European currencies was launched to force Italy, in particular, into devaluation, austerity, and political disintegration. Europe defended itself by selling dollars, kicking off not only a run on the U.S. currency but an inflationary bidup of commodity futures. At the same time, the Lazard-Meyers' *Washington Post* launched an "exposé" of Citibank's and Chase Manhattan's weak loans.

Italy was next threatened by an oil embargo. Most gravely, although the Tindemans official austerity programs got shelved, Europe's industrial credit collapsed as funds moved into short-term Eurodollar positions. Schmidt and Giscard's mutual support agreement failed to prevent the forced devaluation of the franc in mid-March. The two enjoyed only the bitter victory of obstructing the 1976 gameplan for a "dollar-deutsche-mark axis" that would let the weaker currencies go to the devil while German reserves, swollen by flight capital, financed a sort of European Big MAC regimentation of the continent.

Rambouillet's refusal to make the Miki approach its agenda had allowed an impossible situation to develop for the Third World. At the December 1975 North-South Conference in Paris, Kissinger's proposed International Resources Bank, which would mortgage the natural resources of developing countries on behalf of global inflation and regional genocide, was strenuously rejected, but no positive policy for the debt burden was offered.

The Summits In Brief

Heads of State

Issues and Consequences

RAMBOUILLET

November 1975

Gerald Ford — United States
Valéry Giscard d'Estaing — France
Helmut Schmidt — Federal
Republic of Germany
Takeo Miki — Japan
James Callaghan — United Kingdom
Aldo Moro — Italy

SAN JUAN

June 1976

Gerald Ford — United States
Valéry Giscard D'Estaing — France
Helmut Schmidt — Federal
Republic of Germany
Takeo Miki — Japan
James Callaghan — United Kingdom
Aldo Moro — Italy
Pierre Trudeau — Canada
(excluded in 1975 at French insistence)

LONDON

May 1977

James Earl Carter — United States
Valéry Giscard d'Estaing — France
Helmut Schmidt — Federal Republic
of Germany
Takeo Fukuda — Japan
James Callaghan — United Kingdom
Giulio Andreotti — Italy
Pierre Trudeau — Canada

Japan's International Development Bank-style proposal to replace the International Monetary Fund with a world central bank geared to promoting trade is sidelined by U.S. incompetence and European timidity.

French efforts to secure stable international currency relations, and Italian calls for expanded East-West trade, are defeated by their own narrowness and U.S. State Department-Treasury opposition.

In the battle over energy there is a standoff, thus an interim defeat for the policy of expansive energy-dense investment.

Underdeveloped countries are unable to mount a positive policy on their own.

Mideast war threats and U.S. offensives against the USSR are accompanied by Secretary of State Kissinger's effort to formally enslave the Third World by way of an International Resources Bank, and to impose austerity on Western Europe through a "dollar-deutschemark axis."

As LaRouche and the IDB proposal circulate in Europe, Kissinger's "maximum program" is rejected.

But the world debt question is bypassed at the summit, except for blackmail against Italy.

The potential for the transferable ruble dimension of the IDB is stalled; the U.S. "GOP economics" passivity aggravates the crisis of confidence in the dollar, and the post-oil crisis collapse of capital investment intensifies worldwide.

LaRouche's 1976 presidential campaign and the spring 1977 publication of the private IDB proposal are fueling a counterforce to the Carter Administration's antienergy program and cold-war tendencies.

Treasury Secretary Blumenthal's explicit active sabotage of dollar parities alarms Western Europe and Japan. With a Saudi Arabian faction, they hasten their own trade and development efforts, but offer no counterproposal to the expanded International Monetary Fund police-role policy they defeat at the summit.

Monetary and paramilitary terrorism multiplies during the following year, impelling rather than halting behind-the-scenes international deliberations on an IDB initiative.

In mid-February, Guyana's Frederick Wills took the occasion of the Manila United Nations UNCTAD meeting to publicly call for the International Development Bank or its equivalent, a new international central bank for energy and industrial development. This moral courage won him assassination attempts from Kissinger, but no open support from his Third World colleagues.

Kissinger was allowed to escalate his world blackmail as the Mideast crisis swelled around Lebanon and provocations mounted against the USSR. The next UNCTAD meeting at the end of May once more rejected the resources plan, but — with the Comecon nations notably passive under Kissinger's threats — also once more bypassed Wills's call for the creation of planning groups to pursue the International Development Bank. In Europe, leadership was still tied to a choice of "reflation" or "deflation," and in May, Chancellor Schmidt, appalled and politically threatened by the austerity drive coming from the U.S., called instead for Keynesian measures which he candidly identified as those of Hjalmar Schacht.

THE ROAD TO SAN JUAN

What must be called a learning process nevertheless intensified as LaRouche conferred with continental governmental and private-sector leaders in Italy in early 1976, and the U.S. Labor Party's brother Mexican Labor Party emerged as a political eminence for the less-developed countries' would-be policy-makers.

The second summit conference, held at the end of June 1976 in San Juan, Puerto Rico, was viewed at the time as out of step with the demands of the world conjuncture. West Germans and Swiss commentators derided U.S. summit demands for a joint front vis-à-vis the Third World as an attempt by Henry Kissinger to recoup his Nairobi losses. The meeting bogged down in disputes about how much austerity Italy should endure in exchange for debt refinancing, with Giscard d'Estaing impotently arriving late and leaving early.

Gerald Ford's emphasis on "go-slow" economics was reflected in the final communiqué, which informed a shellshocked world financial community that "Our determination in recent months to a void excessive stimulation

of our economies...has contributed to the soundness and breadth of recovery." The worst features of both paper-pumping labor projects and industrial contraction seemed to forebode. The ensuing "crisis of confidence" was far worse than anything provoked by the City of London's assault on the dollar at the summit.

"Vatican and Old-Line Stalinists"

Thus, the two fundamental, opposed versions of a new world monetary system began to move into the open. On the one hand, Otto von Hapsburg and his Anglo-Dutch banking associates launched a new drive in the aftermath of San Juan for "European unity" against the U.S. — involving in various drafts the creation of a "Eurothaler" designed by Robert Triffin. The other version, attacked by the *New Statesman* of London as a conspiracy between "Vatican Christian Democrats" and "old-line Stalinists" acting, the *Statesman* said, with sanction from Helmut Schmidt, involved an array of new trade and development initiatives among the USSR, France, Japan, and Italy in particular. It also opened an opportunity for the Arabs to put their reserves to use in genuine development projects.

Then, in August 1976, came the Colombo resolution. Meeting in Colombo, Sri Lanka, the Group of 77 underdeveloped nations made an unprecedented affirmation of an International Development Bank perspective. Acting at the prompting of Mexico, Guyana, Pakistan, and others, the Group fleshed out "new world economic order" demands in terms of debt moratorium, creation of an institution to fund Third World trade, and technology financing through a new monetary system.

The oil producers were already quietly providing large credits to the USSR for East-West trade and large banking deposits in France, Italy and elsewhere to keep Western Europe's credit system alive. This cushion operation, on the eve of the U.S. presidential elections, showed every possibility of reaching a transformed institutional threshold. The war threats exposed by LaRouche in his Nov. 1, 1976 election-eve national television address were designed to put an end to such potentialities for good, as Kissinger's 1973 Mideast War had failed to do.

IMF FIGHTS FOR SURVIVAL

The fraudulent election of Jimmy Carter, intended by the inner core of the Trilateral Commission to dispatch those war threats, both hastened and retarded the battle for the new world monetary system. In December the USSR had made public a Comecon resolution to offer transferable rubles, not only for bilateral but multi-lateral dealings — a proposal London vainly tried to recast in order to draw the Soviets into IMF operations. The USSR drew back from actively promoting the offer in January-March, as Brzezinski wrecked the SALT talks and Comecon factionalization intensified.

Meanwhile, a couple of weeks after the election, the U.K. had signaled a new level of attack against the United States by officially decoupling the pound sterling from the dollar, with the intent of appreciating the former and accelerating the decline of the latter under the new Treasury Secretary's guidance. It cannot be overemphasized that W. Michael Blumenthal's dollar-be-

damned correlative of Brzezinski's brinkmanship — fervently backed by IMF managing director Johannes Witteveen — forced Western Europe and Japan to speed up their own timetable of consultations with and about LaRouche, who arrived in Europe in early 1977 for what became a sixteen-month interval of discussions with international policymakers.

Anti-Growth in Washington

As the May 1977 London summit approached, the world as a whole, but particularly the nascent Grand Design groupings in Japan, Saudi Arabia, and West Germany, were appalled by the new Administration's anti-growth, anti-nuclear energy program, which they knew would entail the wreckage of the U.S. economy and accelerate mass death in the Third World.

The Third World's debt was the center of attention at the time of the late-April IMF Interim Committee meeting and the May 8 summit. Key debtors including Egypt, Turkey, Zaire, and Indonesia were already in partial default, followed closely by a long list of other near-defaulters headed by Peru.

Witteveen frantically claimed success for his plan to draw the Saudi Arabians into spearheading the creation of a multibillion-dollar emergency debt rollover fund. Such a fund could not possibly bring solvency to the vastly larger debt gap; it was to be a level for enforcing Third World state-sector and import cuts, and thus advanced-sector export cuts. The cuts would wreck the dollar's trade-and-payments underpinnings, thus wiping out a good portion of European and Japanese government assets, and allow Keynesian Special Drawing Rights to become the reserve medium for the world, or what would be left of it.

The majority of U.S. commercial banks — whose own debt rollovers were and are basically deducted from capital investment possibilities — appeared to imagine that the fund could provide a breathing space for, rather than political suffocation of, the tentative International Development Bank negotiations. The Saudis were wiser. Even after a terrorist fire in their Ghawar oil fields, they refused more than a token commitment to the Witteveen fund.

At the summit itself, Japan and Western Europe rebuffed the U.S. demand for all-out energy austerity, that is, deindustrialization. They confined themselves to a faint pledge in the final communiqué to "further conserve energy." Much fuss was made at the time over the acquiescence of West Germany and Japan to "growth targets," but this amounted only to a *pro forma* concession to Blumenthal's reflation outcries.

The Private Approach

American allies could reject the most murderous IMF and National Security Council game plans, but there was no effective commitment by leaders outside the U.S., and potential leaders in America, to the required credit policies. LaRouche on May 11 issued the "Private Banking Approach to a New Monetary System," elaborating how a private bank, handling a small percentage of advanced-sector tangible-commodity trade financing, and issuing gold-backed medium- and long-term credit only for capital improvements and

expansion in industry, mining, and agriculture, could serve as "the seed-crystal for a new world central bank."

Most importantly, in view of Schmidt and Giscard's subsequent decision to move directly toward the intra-governmental International Development Bank, LaRouche developed in this proposal the Hamiltonian principle of public institutional responsibility for generating technological progress, set against "the failure of North-South negotiations to date" because "none of the aspirations of the developing countries could have been satisfied in fact, even had the OECD nations agreed to those proposals," given the perpetuation of the IMF and World Bank as bodies precisely "opposed to the most vital interests of all developing nations."

Winning Wars

Having described how a new international central bank would "provide a suitable, equitable interface between the OECD capital-exporting and socialist and developing nations," LaRouche concluded: "Pre-war strategic plans do not win wars — adequate forces under qualified strategists actually win the wars....No plan can fully replace the responsibilities of command itself....The bank as projected can succeed, because the existing correlation of forces defines a 'war-winning capability' for a qualified initiating force suitably led."

This conception was assimilated more quickly and deeply than was apparent during the year following the London summit, with an indispensable prod from the growth-bent factions of the Vatican and the Italian Christian Democracy. Soon after the London summit, it was the Christian Democratic newspaper *Dell'Amore* which proposed a gold-based European central bank to coordinate an investment drive following debt reorganizations. Italian Prime Minister Andreotti himself called

for a European "economic and monetary union" under West German leadership that would pursue the technological advancement of the Third World.

At the same time, in the late spring of 1977, the British and Belgians were busily insinuating a version of debt moratorium aimed, not at world growth, but at torpedoing the New York commercial banks; and President Carter was induced to launch a new anti-Soviet crusade to extend NATO to South America, Africa, and China.

Blumenthal's London Flop

Blumenthal and the City of London had expected to parlay Carter's 1977 summit flop into a new onslaught against the dollar system. Indeed, along with the Rohatyn-Kennedy apparatus, they have attempted to do so down to the present. But they have failed.

It would be misleading to say the Europeans, the Japanese, and their Comecon, Mideast, and Third World allies moved ahead because they learned from experience. No one automatically learns from experience unless external pressure is applied — as the case of the British economy shows negatively, and may yet show positively — or unless, as with Schmidt and Giscard, experience is informed by humanist leadership of LaRouche's quality. The Europeans and Japanese did muster courage; for one thing, the murder one year ago of Dresdner Bank chairman Jürgen Ponto, a linchpin organizer of the gold-backed development credit arrangements, did not deter them. Now the courage needed to educate the global population to ensure an International Development Bank world is a higher, more joyful kind.

—Susan Johnson

The Bonn Communiqué

Weeks of organizing prior to the Bonn summit resolved most of the issues to be discussed there. Most important was the far-reaching agreement for a new monetary system reached at the pre-summit meeting in Bremen, attended by West Germany, France, Italy and Great Britain. As a result the Bonn meeting had essentially one, very simple purpose: to reeducate the President of the United States on the most important current policy questions.

Here is the text of the communiqué.

The Heads of State and Government of Canada, the Federal Republic of Germany, France, Italy, Japan, the United Kingdom of Great Britain and Northern Ireland and the United States of America met in Bonn on the 16th and 17th of July 1978. The European Community was represented by the President of the European Commission for discussion of matters within the Community's competence.

1. We agreed on a comprehensive strategy covering growth, employment and inflation, international monetary policy, energy, trade and other issues of

particular interest to developing countries. We must create more jobs and fight inflation, strengthen international trading, reduce payments imbalances, and achieve greater stability in exchange markets. We are dealing with long-term problems, which will only yield to sustained efforts. This strategy is a coherent whole, whose parts are interdependent. To this strategy, each of our countries can contribute; from it, each can benefit.

Growth, Employment and Inflation

2. We are concerned, above all, about world-wide unemployment because it has been at too high a level for many years, because it hits hardest at the most vulnerable sections of the population, because its economic cost is high and its human cost higher still. We will act, through measures to assure growth and develop needed skills, to increase employment.

In doing this, we will build on the progress that has already been made in the fight against inflation and will seek new successes in that fight. But we need an improvement in growth where that can be achieved without rekindling inflation in order to reduce extremes

of balance of payments surpluses and deficits. This will reduce destabilizing exchange rate movements. Improved growth will help to reduce protectionist pressures. We need it also to encourage the flow of private investment, on which economic progress depends; we will seek to reduce impediments to private investment, both domestically and internationally. Better growth is needed to ensure that the free world is able to develop to meet the expectations of its citizens and the aspirations of the developing countries.

3. A program of different actions by countries that face different conditions is needed to assure steady non-inflationary growth. In countries whose balance of payments situation and inflation rate does not impose special restrictions, this requires a faster rise in domestic demand. In countries where rising prices and costs are creating strong pressures, this means taking new measures against inflation.

Canada reaffirmed its intention, within the limits permitted by the need to contain and reduce inflation, to achieve higher growth of employment and an increase in output of up to 5 percent.

As a contribution to avert the world-wide disturbances of economic equilibrium the German Delegation indicated that by the end of August it will propose to the legislative bodies additional and quantitatively substantial measures up to 1 percent of GNP, designed to achieve a significant strengthening of demand and a higher rate of growth. The order of magnitude will take account of the absorptive capacity of the capital market and the need to avoid inflationary pressures.

The President of the French Republic has indicated that, while pursuing its policy of reduction of the rate of inflation, the French Government agrees, as a contribution to the common effort, to increase by an amount of about 0.5 percent of GNP the deficit of the budget of the State for the year 1978.

The Italian Prime Minister has indicated that the government undertakes to raise the rate of economic growth in 1979 by 1.5 percentage points with respect to 1978. It plans to achieve this goal by cutting public current expenditure while stimulating investment with the aim of increasing employment in a non-inflationary context.

The Prime Minister of Japan has referred to the fact that his government is striving for the attainment of the real growth target for fiscal year 1978, which is about 1.5 percentage points higher than the performance of the previous year, mainly through the expansion of domestic demand. He has further expressed his determination to achieve the said target by taking appropriate measures as necessary. In August or September he will determine whether additional measures are needed.

The United Kingdom, having achieved a major reduction in the rate of inflation and improvement in the balance of payments has recently given a fiscal stimulus equivalent to rather over 1 percent of GNP. The government intends to continue the fight against inflation so as to improve still further the prospects for growth and employment.

The President of the United States stated that reducing inflation is essential to maintaining a healthy U.S. economy and has therefore become the top priority of

U.S. economic policy. He identified the major actions which have been taken and are being taken to counter inflation in the United States: Tax cuts originally proposed for fiscal year 1979 have now been reduced by \$10 billion; government expenditure projections for 1978 and 1979 have been reduced; a very tight budget is being prepared for 1980; steps are being taken to reduce the direct contribution by government regulations or restrictions to rising costs and prices, and a voluntary programme has been undertaken to achieve deceleration of wages and prices.

The meeting took note with satisfaction that the common approach of the European Community already agreed at Bremen would reinforce the effectiveness of this programme.

Energy

4. In spite of some improvement, the present energy situation remains unsatisfactory. Much more needs to be done.

5. We are committed to reduce our dependence on imported oil.

6. We note that the European Community has already agreed at Bremen the following objectives for 1985: to reduce the Community's dependence on imported energy to 50 percent, to limit net oil imports, and to reduce to 0.8 the ratio between the rate of increase of energy consumption and the rate of increase in gross domestic product.

7. Recognizing its particular responsibility in the energy field, the United States will reduce its dependence on imported oil. The U.S. will have in place by the end of the year a comprehensive policy framework within which this effort can be urgently carried forward. By year end, measures will be in effect that will result in oil import savings of approximately 2.5 million barrels per day by 1985. In order to achieve these goals, the U.S. will establish a strategic oil reserve of 1 billion barrels; it will increase coal production by two-thirds; it will maintain the ratio between growth in gross national product and growth in energy demand at or below 0.8; and its oil consumption will grow more slowly than energy consumption. The volume of oil imported in 1978 and 1979 should be less than that imported in 1977. In order to discourage excessive consumption of oil and to encourage the movement toward coal, the U.S. remains determined that the prices paid for oil in the U.S. shall be raised to the world level by the end of 1980.

8. We hope that the oil exporting countries will continue to contribute to a stable world energy situation.

9. Looking to the longer term, our countries will review their national energy programs with a view to speeding them up. General energy targets can serve as useful measures of the progress achieved.

10. Private and public investment to produce energy and to use it more efficiently within the industrial world should be increased. This can contribute significantly to economic growth.

11. The further development of nuclear energy is indispensable, and the slippage in the execution of nuclear power programmes must be reversed. To promote the peaceful use of nuclear energy and reduce the risk of nuclear proliferation, the nuclear fuel cycle

studies initiated at the London Summit should be pursued. The President of the United States and the Prime Minister of Canada have expressed their firm intention to continue as reliable suppliers of nuclear fuel within the framework of effective safeguards. The President intends to use the full powers of his office to prevent any interruption of enriched uranium supply and to ensure that existing agreements will be respected. The Prime Minister intends that there shall be no interruption of Canadian uranium supply on the basis of effective safeguards.

12. Coal should play an increasing important role in the long term.

13. Joint or co-ordinated energy research and development should be carried out to hasten the development of new, including renewable, energy sources and the more efficient use of existing resources.

14. In energy development, the environment and human safety of the population must be safeguarded with greatest care.

15. To help developing countries, we will intensify our nations' development assistance programmes in the energy field and we will develop a co-ordinated effort to bring into use renewable energy technologies and to elaborate the details within one year. We suggest that the OECD will provide the medium for co-operation with other countries.

16. We stress the need for improvement and coordination of assistance for developing countries in the energy field. We suggest that the World Bank explore ways in which its activities in this field can be made increasingly responsive to the needs of the developing countries, and to examine whether new approaches, particularly to financing hydrocarbon exploration, would be useful.

Trade

17. We reaffirm our determination to expand international trade as one of the driving forces for more sustained and balanced economic growth. Through our joint efforts we will maintain and strengthen the open international trading system. We appreciate and support the progress as set forth in the Framework of Understanding on the Tokyo Round of Multilateral Trade Negotiations made public in Geneva, July 13th, 1978, even though within this framework of understanding some difficult and important issues remain unresolved.

The successful conclusion of these negotiations, the biggest yet held, would mean not just a major trade liberalisation programme extending over the 1980s but the most important progress yet made in the GATT in relation to non-tariff measures. Thus the GATT rules would be brought more closely into line with the requirements of the next decade — particularly in relation to safeguards — in ways which would avoid any weakening of the world trading system and be of benefit to all trading countries developed and developing alike. A substantially higher degree of equity and discipline in the international trading system would be achieved by the creation of new mechanisms in many fields for consultation and dispute settlement. Uniform application of the GATT rules is vital and we shall move in that direction as soon as possible.

In all areas of the negotiations the Summit countries

look forward to working even more closely with the developing countries. We seek to ensure for all participants a sound and balanced result, which adequately takes into account the needs of the developing countries, for example, through special and differential treatment, and which brings about their greater participation in the benefits and obligations of the world trading system.

At last year's Downing Street Summit we rejected a protectionist course for world trade. We agreed to give a new impetus to the Tokyo Round. Our negotiators have fulfilled that commitment. Today we charge them, in cooperation with the other participants, to resolve the outstanding issues and to conclude successfully the detailed negotiations by December 15, 1978.

We note with satisfaction the renewal of the pledge to maintain an open market oriented economic system made by the OECD Council of Ministers last month. Today's world economic problems cannot be solved by relapsing into open or concealed protectionism.

19. We welcome the statement on positive adjustment policy made by the OECD Ministers. There must be a readiness over time, to accept and facilitate structural change. Measures to prevent such change perpetuate economic inefficiency, place the burden of structural change on trading partners and inhibit the integration of developing countries into the world economy. We are determined in our industrial, social, structural and regional policy initiatives to help sectors in difficulties, without interfering with international competition and trade flows..

20. We note the need for countries with large current account deficits to increase exports and for countries with large current account surpluses to facilitate increases in imports. In this context, the United States is firmly committed to improve its export performance and is examining measures to this end. The Prime Minister of Japan has stated that he wishes to work for the increase of imports through the expansion of domestic demand and various efforts to facilitate imports. Furthermore, he has stated that in order to cope with the immediate situation of unusual surplus, the Government of Japan is taking a temporary and extraordinary step of calling for moderation in exports with the aim of keeping the total volume of Japan's exports for the fiscal year of 1978 at or below the level of fiscal year 1977.

21. We underline our willingness to increase our cooperation in the field of foreign private investment flows among industrialized countries and between them and developing countries. We will intensify work for further agreements in the OECD and elsewhere.

22. In the context of expanding world economic activity, we recognize the requirement for better access to our countries' markets for the products of the developing countries. At the same time we look to increasing readiness on the part of the more advanced developing countries to open their markets to imports.

Relations with Developing Countries

23. Success in our efforts to strengthen our countries' economies will benefit the developing countries, and their economic progress will benefit us. This calls for joint action on the basis of shared responsibility.

24. In the years ahead the developing countries, particularly those most in need, can count on us for an increased flow of financial assistance and other resources for their development. The Prime Minister of Japan has stated that he will strive to double Japan's official development assistance for three years.

We deeply regret the failure of the COMECON countries to take their due share in the financial assistance to developing countries and invite them once more to do so.

25. The poorer developing countries require increased concessional aid. We support the soft loan funds of the World Bank and the three regional development banks. We pledge our governments to support replenishment of the International Development Association on a scale that would permit its lending to rise annually in real terms.

26. As regards the more advanced developing countries, we renew our pledge to support replenishment of the multilateral development banks' resources, on the scale needed to meet the growing needs for loans on commercial terms. We will encourage governmental and private co-financing of development projects with these banks.

The cooperation of the developing countries in creating a good investment climate and adequate protection for foreign investment is required if foreign private investment is to play its effective role in generating economic growth and in stimulating the transfer of technology.

We also refer to our efforts with respect to developing countries in the field of energy as outlined in paragraph 15 and 16.

27. We agree to pursue actively the negotiations on a Common Fund to a successful conclusion and to continue our efforts to conclude individual commodity agreements and to complete studies of various ways of stabilising export earnings.

International Monetary Policy

28. The erratic fluctuations of the exchange markets in recent months have had a damaging effect on confidence, investment and growth throughout the

world. Essentially, exchange rate stability can only be achieved by attacking the fundamental problems which have contributed to the present large balance of payments deficits and surpluses. Implementation of the policies described above in the framework of a concerted program will help to bring about a better pattern of world payments balances and lead to a greater stability in international exchange markets. This stability will in turn improve confidence and the environment for sustained economic growth.

29. Although exchange rates need to respond to changes in underlying economic and financial conditions among nations, our monetary authorities will continue to intervene to the extent necessary to counter disorderly conditions in the exchange markets. They will maintain extensive consultations to enhance these efforts' effectiveness. We will support surveillance by the International Monetary Fund, to promote effective functioning of the international monetary system.

30. The representatives of the European Community informed the meeting of the decision of the European Council at Bremen on 6-7 July to consider a scheme for a closer monetary cooperation. The meeting welcomed the report and noted that the Community would keep other participants informed.

Conclusion

31. It has been our combined purpose to attack the fundamental economic problems that our countries confront.

The measures on which we have agreed are mutually reinforcing. Their total effect should thus be more than the sum of the parts. We will now seek parliamentary and public support for these measures.

We cannot hope to achieve our purposes alone. We shall work closely together with other countries and within the appropriate international institutions; those among us whose countries are members of the European Community intend to make their efforts within this framework.

We have instructed our representatives to convene by the end of 1978 in order to review this declaration.

We also intend to have a similar meeting among ourselves at an appropriate time next year.

British 'Left' And 'Right' Agree: Carter Must Go

"We did it before in 1972, so we know just how to do it."

"We're running a coup. We did it before in 1972, so we know just how to do it. Carter is through."

The same London-based financial circles who Watergated President Nixon have activated a wide-ranging conspiracy to wipe out the Carter presidency and install

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one of their own in the White House by 1980, if not sooner. London's "left" and "right" networks are on full mobilization in both the Democratic and Republican parties.

Heavily involved in the "left" Democratic operation are the United Auto Workers, Americans for Democratic Action, and the Institute for Policy Studies. Key agents like Maoist-oriented Doug Fraser, president of the UAW, are pushing an all out "class war" corporate warfare scenario of escalating strikes and violence and openly talking of "splitting the Democratic Party" if their zero energy growth, labor-intensive economic programs are not adopted. In a recent speech in Washington, Fraser explicitly announced that the American labor movement was about to enter a period of "class war."

Speaking at a press conference July 19, Fraser announced the UAW's withdrawal from the Administration's Labor-Management Advisory Board, and launched into a demagogic denunciation of the Carter Administration for kowtowing to the corporate elites. "We are serving notice on the Labor-Democratic Party alliance...For the first time since the 1930s, the UAW is considering a labor party."

Fraser went on to call for "a new coalition of the UAW, like-minded unions, women's groups, and minorities." One of his collaborators later dismissed his "third party" talk as a cover for the operation to pull together a liberal-fascist coalition inside the party with the muscle to topple Carter.

Fraser, Americans for Democratic Action chairman Leon Shull, and Lee Webb of the Conference for Alternative Local Government Policy have met at least twice in the past week with "radical" union-busting lawyer Joseph Rauh, people close to International Association of Machinists chief William Winpisinger and others to plot strategy.

"We agreed to pull down Carter and impose a progressive candidate, preferably McGovern, Kennedy or Jerry Brown, on the Democratic Party. We know

Carter is vulnerable," said one of the participants. "It will all come out in the open by the mid-term Democratic Party conference in December...and Carter will start running scared," he added.

"We don't yet have the cement to put together a dump Carter movement, but we're working on it day and night," revealed another, who said that Ted Kennedy is close to making an open bid for the Democratic nomination, as signaled by his decision to go to Illinois soon to campaign for the party's senatorial candidate.

The economics of Hitler's finance minister Hjalmar Schacht is the explicit organizing perspective of this crew. Fraser, Winpisinger, and Kennedy are planning to tour the country this fall to attack the entire U.S. energy industry as "rip-off capitalists," according to Washington sources. The three are scheduled to appear at regional conferences of the Citizen-Labor Energy Coalition, a "proconservation" grouping founded in the aftermath of last May's Sun Day.

"We intend to make a major attack on the energy industry," said a spokesman for the group. "Kennedy, Fraser and Wimpy all want to see the industry broken up. If that's going to happen, we will have to build a grass roots movement that supports it and that's where the coalition comes in." He pledged to "make Carter pay for his capitulations to the energy industry on deregulation and nuclear power. Fraser and Wimpy speak for all working people when they say we must create labor-intensive jobs...when they demand an end to 'rip-off capitalism.'"

The operation has already embarrassed Democratic National Committee chairman John White into a public "prediction" that neither Kennedy nor Brown will oppose Carter for the 1980 Democratic nomination, something that would normally be taken as a matter of course in mid-term, and forced White to "admit" that some single "issue-oriented" Democrat may well challenge the President. Meanwhile Vice-President Walter Mondale, a tool of the same British Fabian circles as Kennedy, is pushing the White House to fund more "labor-intensive" programs for "blacks, women and poor people — the traditional Democrats" — in order to enhance the political clout of the "fascist coalition" immediately.

On the American "right," British Conservative Party circles typified by Winston Churchill III, operating through their tool former Secretary of State Henry Kissinger, have organized a putsch to give Kissinger de facto control over U.S. foreign policy — wrecking any

chances for the comprehensive peace settlements sought by the Carter Administration in the Mideast and Africa, and likely finishing off chances for a SALT II agreement with the Soviet Union. Kissinger's effective policy control over large sections of the Republican Party, established earlier this year when a party national committee statement signed by 38 Republican Senators practically threatened a Republican "veto" of a SALT II

agreement in the Senate. This gave Kissinger the leverage to demand White House consultations with Republican Senate leadership in the interests of a "bipartisan" foreign policy — in other words, "clear it with Henry."

Meanwhile, Kissinger has moved back into the foreign policy limelight (see box).

—Don Baier

"Elder Statesman" Kissinger Out Front In Coup Drive

Because Secretary of State Cyrus Vance has "so much on his plate that he cannot long afford to shuttle between Egypt and Israel," President Carter should "appoint a special negotiator of the highest prestige and caliber . . . Henry Kissinger himself . . ." to run Mideast peace negotiations. So said Joseph Kraft in his Washington Post column July 25.

In the interests of promoting an Israel-Egypt separate peace—a sure recipe for new Mideast wars like the 1973 affair organized by Kissinger and something only Israel and London desire—Kraft praised Kissinger's well-worn "step-by-step" shuttle diplomacy routines, backed up by bluster, threats, and assassinations. Kissinger, said Kraft, "would seem to be twisting Sadat's arm" while appearing to "keep the pressure on Begin." For this reason, said Kraft, Kissinger would be preferable to the Israel Lobby's other candidate for Mideast arbiter, Vice President Walter Mondale, whom Kraft also touts.

Kraft admits that the Kissinger appointment would mean that "the Carter Administration might seem to be confessing another failure to a world already prone to believe the President cannot cope," wiping out the foreign policy credibility of the White House. But, he continues, Carter "must rise above personal and political considerations."

Henry Speaks for Himself

Kissinger himself appeared in his role as NBC-TV's "elder statesman" immediately after Carter returned from the Bonn Summit, to "advise" the President that he could have avoided what Kissinger called a Soviet-imposed "semi-humiliation" as a result of the Shcharanski trials if only he had "postponed" Vance's SALT negotiations with Soviet Foreign Minister Gromyko. Identifying himself as a supreme defender of Soviet dissidents, Kissinger went on to criticize Carter to a nationwide television audience as ineffective on human rights. Kissinger broadly hinted that Carter was incapable of handling relations with the Soviets generally unless he utilized Kissinger's "linkage" song-and-dance.

On the day of the Kraft column Kissinger held a conspicuous Washington, D.C. meeting with Bishop Abel Muzorewa, the most prominent of the blacks fronting for Ian Smith's "internal solution" government in Rhodesia. Kissinger emerged from the meeting to suggest his backing for the "internal," implying that the Carter Administration policy in southern Africa was not giving Smith a "fair opportunity" to shut out the Patriotic Front liberation group backed by all five of southern Africa's front-line states.

Fronting for Kissinger, Senators Case (R-NJ) and Javits (R-NY) and Moynihan (D-NY) have introduced a resolution in Congress "authorizing" Carter to lift United Nations economic sanctions currently in effect against the Smith regime as soon as "free elections" are held. Smith is still publicly proclaiming his intention to hold parody "elections"—without the Patriotic Front—in December. They have consistently refused to negotiate with the Patriotic Front at an "all parties conference," proposed by the U.S. and agreed to by the Patriotic Front. Meanwhile, even the British press and Tories are admitting that Smith and Co. are losing the guerrilla war with the Patriotic Front, the Rhodesian economy is collapsing, and the internal settlement has no prospect for success without a "bailout" endorsement from the U.S.

The White House was forced to accept the Kissinger Case-Javits bill as the best way to derail such a flat bailout—a bill sponsored by Sen. Jesse Helms (R-NC) to require immediate lifting of sanctions against Rhodesia. With prospects wide open for African participation in the Grand Design in the wake of the Angola-Zaire agreement and Namibia settlement, outright support for the internal solution would destroy U.S. credibility in Africa overnight.

But as a result, the hand of Kissinger and his London masters has again been strengthened, and Administration officials are openly worried that the Namibia settlement may come apart if black African states get the message that the U.S. is turning against them.

Bourne 'Pillgate' Scandal Aimed At Carter's Head

Open proposals of "Cartergate" are proliferating from both "left" and "right" U.S. press in the wake of the resignation of Dr. Peter Bourne, the White House advisor on drug abuse.

The Bourne case, wrote conservative columnist Patrick Buchanan in the July 27 *New York Daily News*, "could be the thread which, drawn, could unravel the Carter administration." In the same day's *Baltimore Sun*, liberal Joseph Kraft reported "wide rumors" that "there is more to the story of drugs at the White House" and speculated that "the President will have to take very strong action."

As every informed Washington source knows, the Bourne affair was a deliberate political setup from the beginning. Peter Bourne is a British-born, Oxford-trained psychiatrist previously on record as supporting the United Kingdom's system of legalized heroin distribution. He is also a vocal advocate of the "decriminalization" of marijuana pushed by the National Organization for the Reform of the Marijuana Laws (NORML), sometimes referred to as the "Pot Lobby."

Eighteen months ago the U.S. Labor Party exposed the details of Bourne's unsavory career in testimony at Senate hearings on his appointment.

As Kraft points out however, the Carter Administration as a whole is by no means committed to the "end of prohibition" and full-scale legalization and "regulation" of the drug culture of which decriminalization of marijuana is the first step. "It was certainly no accident,"

says Kraft, that Bourne was quickly exposed through leaks to the press for writing a prescription for a powerful sedative Quaalude for his executive assistant, whose identity he tried to mask by using a fictitious name.

Moreover, stories that Bourne and other White House staff members sniffed cocaine and smoked pot, "were substantiated by NORML officials in the apparent hope of nailing...an Administration waffling on its previous stand in favor of decriminalizing marijuana," Kraft reports. Bourne himself was quoted in the press that there was "a high incidence" of marijuana usage in the White House.

The White House partially "detoxified" the Bourne case by forcing Bourne's resignation, and Carter himself issued a strong memorandum on illegal drug use to all White House employees. The President warned that he expected "every member of the White House staff to obey the law...You will obey it, or you will seek employment elsewhere." In a subsequent press conference, the President stated emphatically that he did not support the growth or use of marijuana, and praised the efforts of Mexican President Lopez Portillo for helping to stop marijuana — and heroin-running into the U.S.

Nevertheless, press furor escalated from such well-known London conduits as *New York Times* columnist William Safire and the *Washington Post's* Jack Anderson and Mary McGrory.

Meanwhile, environmentalist Sen. Charles Percy (R-Ill.) pushed the "Pot Lobby's" cause ahead by pushing a bill through the Senate to prevent U.S. funds from being used in anti-drug programs abroad where paraquat, a weed-killer, is sprayed on fields of marijuana. The "Pot Lobby" claims that paraquat harms pot-smokers who obtain the sprayed weed, and should, therefore, be banned.

Carter Considering Japanese Fusion Offer?

London replies: no need for A-power with Mexican oil

The Carter Administration this week formed an inter-agency Ad Hoc Committee to make a formal reply to the recent Japanese proposal for a joint U.S.-Japanese research effort in developing the most advanced form of energy, thermonuclear fusion power.

ENERGY

The formation of the committee is one of several indications that President Carter may be taking seriously the communiqué issued by the seven-nation July 16-17 Bonn summit meet, proclaiming the indispensable role of nuclear energy development to world economic growth. (For the text of the communiqué, see this week's SPECIAL REPORT.)

During the Bonn proceedings, Carter met with Japanese Prime Minister Takeo Fukuda to discuss the merits of U.S.-Japanese collaboration on nuclear research, expressed two months ago in a Japanese plan for a billion dollar joint fusion effort as an immediate goal.

Partially in answer to this emerging shift in Administration thinking, a network of individuals and organizations who in the past have been prominent promoters of "energy scarcity" scenarios — including Senator Edward Kennedy, the *Washington Post*, and the select British-linked zero-growth planning agency known as the Aspen Institute — are suddenly trumpeting that Mexico's new oil fields, among new finds elsewhere, invalidate Energy Secretary James Schlesinger's "oil crisis" forecasts for the early 1980s.

Their goal, as expressed by Aspen and the *Washington Post*, is to use the enormous Mexican reserves to argue

that there is no longer any need to proceed with nuclear development, at least not for a decade.

The Mexico City daily *Uno Mas Uno* has placed Mexico's proven reserves — in figures reportedly to be revealed at the end of the year — at 40 billion barrels and "probable" reserves at 280 billion barrels! This would surpass Saudi Arabia's estimated reserves and place Mexico as the world's largest potential oil power.

But this London-based "energy turnaround" assessment has more objectives than just keeping Carter from moving to implement the Bonn nuclear commitment. It is an attempt to "judo" the widespread dissatisfaction with Schlesinger in U.S. industrial and oil quarters, to keep the U.S. energy industry from hooking into the world development arrangements emerging from Bonn and particularly the strategy of "nuplex" export, as outlined recently by U.S. Labor Party chairman Lyndon LaRouche.

At the same time, it is designed to bring Mexico into an anti-nuclear "oil pact" with the U.S. which, it is hoped, would pull Mexico out of its aggressive international coordination with the European-Japanese break toward a new monetary system. Finally, the sponsors of this "turnaround" are making no bones about their hope to turn Mexico's oil to account as a weapon against the Organization of Petroleum Exporting Countries (OPEC).

The Administration Takes Stock

The new Ad Hoc Committee, with representatives from the Department of Energy, State Department and National Science Foundation, will formulate a reply to

State Department Gives Green Light To Mexico Gas Talks

The State Department has authorized six U.S. gas companies to reinstate gas negotiations with Mexico's national oil company, Pemex, authoritative sources confirmed to NSIPS this week. State's green light can only mean willingness to accept Mexico's pricing formula, which currently works out to \$4.60 per thousand cubic feet. The talks collapsed last Dec. 20 when U.S. Energy Secretary Schlesinger called top Mexican officials to Washington to personally tell them that he was unalterably opposed to Mexico's price formula.

Mexico, however, has sent back a firm "not interested" reply. After Schlesinger brushed Mexico aside last winter, it adopted a strategy of absorbing the gas domestically and freeing additional amounts of oil for export at the high international price levels. This strategy, keyed to a national gas distribution grid which will establish multiple new industrial centers across the country, is now in the implementation stage and Mexico is showing no hurry to change its plans once again. As Pemex director Jorge Diaz Serrano told the *New York Times* at the beginning of the month, "They thought we were joking. We were not joking."

the Japanese offer by the end of July. A meeting to discuss details of an arrangement between the two countries is tentatively scheduled for late August.

Progress toward U.S.-Japan fusion collaboration follows reports from informed sources within the Department of Energy (DOE) that Energy Secretary Schlesinger, until now an opponent of fusion funding, has been persuaded to reverse his opposition and give support to broadbased recommendations within the DOE and from the scientific community that the DOE fusion budget not be cut from minimal funding levels.

Toward Breakeven

The DOE 1980 budget request for magnetic fusion is expected to be about \$365 million with funding for laser fusion at the \$130 million level. This minimal funding would provide sufficient funds to continue the major fusion research projects such as the Princeton TFTR upgrade, the Livermore Shiva-Nova laser upgrade and the Los Alamos breakeven Antares carbon dioxide laser, and keep alive a broadbased scientific research program in fusion and related plasma physics.

An Advisory Group commissioned by the White House Science and Technology Policy head Dr. Frank Press has issued a report calling for support of fusion development in anticipation of greater government emphasis on basic Research and Development. The report emphasizes streamlining research in advanced fossil fuels and fusion energy, warning that it is "unlikely that solar power stations can make a significant contribution to our energy needs before the turn of the century." The report concludes with a call for increased basic research, noting "the dearth of basic research is especially evident in the DOE's solar and fossil fuel programs," and recommending that "each Assistant Secretary should include a basic research category within his budget."

At the same time, reliable sources report that a top White House energy spokesman told a closed-door meeting of leading U.S. nuclear industry figures that the President is developing a more positive attitude toward nuclear energy development.

Iran-U.S. Deals

There are also indications that an agreement has been successfully negotiated by the U.S. State Department to finally clear the way for sales of at least eight nuclear reactors to Iran. After many months of talks, U.S. government sources report that the text of an agreement, under jurisdiction of the new U.S. Nuclear Nonproliferation Act, will go to Congress within days for approval.

A State Department source noted that the Iran agreement, the first under the new Percy-Glenn proliferation guidelines, was being worked out very carefully as a test case for the assertion by Percy that his law restricting export of nuclear fuels and technology is designed to *facilitate* continued U.S. export of reactors. If the way is cleared for the Iranian reactor purchases, the door would be open for substantial U.S. export of nuclear technology, despite the technical strictures of the Percy-Glenn legislation.

Aspen's Damascus Road

The Aspen Institute's marching orders on the new "energy reassessment" line emerged from a week-long seminar on energy policy sponsored by the Institute last week. Participants in the closed-door sessions included representatives of the Department of Energy, congressional offices, and an assortment of international energy "experts." According to Aspen's director of International Affairs, Harland Cleveland, the conference came to the conclusion that "nuclear energy is dead" and that oil and gas — especially given Mexico's new reserves — are now the chief solutions to the energy problem.

Within 48 hours of the conference's conclusion, the *Washington Post* picked up the line with a page-one story July 23 contending that there was no oil shortage and that Mexico has "provided the petroleum world with a stunning example of how the old estimates of oil potential can be overtaken by new events." Carefully inserted paragraphs from a British oil adviser stated that the new oil finds meant there was no need to hurry into nuclear development. In its lead editorial the same day, the *Post* reversed field and endorsed oil deregulation — an unmistakable opening to the oil industry.

Much of the specifics of the Institute's assessment of the Mexican finds came from a report prepared by Washington energy consultant Lawrence Goldmuntz and introduced into the meeting by Irving Trust bank officer Arnold Shaffer, who is known for his ravings against OPEC. Goldmuntz had first presented his ideas in a *Wall Street Journal* op-ed at the beginning of July, in which he argued that the Mexico finds "are another reason to doubt the fundamental assumptions behind the Carter Administration's energy policy," and that if the U.S. cultivated a special relationship with Mexico, Mexico's oil could be used to bust OPEC.

Goldmuntz, however, is a firm advocate of nuclear energy and has condemned any antinuclear interpretations of his words.

The column was clearly a useful item to other quarters:

***Senator Ted Kennedy** personally introduced it into the Congressional Record with approving comments the week of July 16.

***The newsletter of the American-Israel Public Affairs Committee**, an arm of the U.S. Zionist Lobby, excitedly summarized it in its issue of July 19.

Mexico: No Dice

Mexico's refusal to reopen natural gas talks at this time "has the U.S. dangling," say knowledgeable sources. In the opinion of most observers, it will take a very favorable offer, possibly including a relaxation of the Administration's campaign against Mexican "illegals" in the U.S., to budge Mexico from its present strategy of absorbing its plentiful natural gas domestically. Mexico is at the same time moving ahead to open up oil-for-technology deals with as diversified a range of trade partners as possible. Poland and Brazil are among the countries involved in negotiations announced this week.

In this context, the only way that the "soft line" could have any hope of success in pulling Mexico out of its aggressive international development role is as the "soft" alternative to "hard-line" crackdown on illegals and financial warfare against Mexico. Observers expect Kennedy to take a prominent role in advancing both sides of this "choice."

Aspen Institute: 'Bloom Is Off Nuclear Rose'

The Colorado-based Aspen Institute is a central coordinating center for the destruction of nuclear energy and spawning of environmentalist zero-growth operations against U.S. industry. Its Berlin office is closely linked to former West German Chancellor Willy Brandt. Since its inception the guiding ideas of the Institute have been British-controlled. Its long-time director, Robert Anderson, is publisher of the British weekly Observer. Lady Barbara Ward, the British aristocrat who funds zero-growth movements and environmentalism worldwide, is a member of the board of trustees, as are Henry Kissinger and Robert MacNamara, both closely connected with British interests and British intelligence.

The following interview with the Institute's Director of International Affairs, Harlan Cleveland, made available to this news service, reveals Aspen's determined opposition to everything the Bremen and Bonn summits in Europe accomplished, as well as Aspen's "new" energy line: there's plenty of oil, so don't worry about nuclear development.

Q: The decision reached at the Bremen European heads of state conference several weeks ago to set up a European Monetary System is being viewed in some quarters as an explicit move against the IMF. What is your view?

A: I don't think the Europeans could carry it that far, because the dollar is still the world's key currency, and because the yen isn't part of the European deal. If what you say the French and Germans are trying to do is true, that would really be a new Bretton Woods. By the time you had it all negotiated, it probably would be the IMF all over again. The main point, however, is that the rest of the world is out there — I'm referring to the Third World particularly, and the internal politics of the rich countries in terms of North-South relations would not allow for a new "rich man's club" to be born.

Q: How about rumors that gold will be remonetized and rise to \$250 or more?

A: You've got to keep in mind that a major beneficiary of gold remonetization would be South Africa, and again the internal politics of the advanced sector would just not permit this. Obviously, the search for a new, truly international currency has been going on for some time and I think that basing it on the major trading countries is all but inevitable. The dollar can no longer continue to be

used as the principal medium of exchange and value . . . We've got to move to a basket of currencies based on the yen, dollar and DM but including other currencies, such as the pound, for cosmetic purposes. SDR's, of course, should play a greater role. Such an arrangement would have to be renegotiated continuously as other currencies became stronger, Brazil's, for instance. This would represent a mutation from the IMF, but it's much more likely to be negotiated from within the IMF than from outside.

Q: But Schmidt and Giscard seem to have something much more ambitious in mind . . .

A: Schmidt and Giscard want to look like leaders, partly because the U.S. isn't acting like one. The media usually is a sucker for this kind of leadership, but that doesn't mean there is any real substance to it.

Q: There are some indications that Carter is backing off from his nuclear nonproliferation stand because of European pressure. Do you think this is the case?

A: Carter is not pressing nuclear nonproliferation as hard as before. You've got to look at this historically to understand why. When Carter and Ford in the fall of 1976 discovered nuclear nonproliferation, the West Germans were half-convinced they would have to adapt themselves to this policy.

But then Carter sent Joseph Nye (of the State Department—ed.) to Europe to twist Germany's arm in public. Schmidt had to respond forcefully. We had the chance of permanently terminating the W. German-Brazil nuclear deal, but we blew it, and so far it hasn't been possible to help Europeans get off the nuclear hook they're on. Carter's domestic policy on this same subject however has looked good. We just concluded a week-long

conference on energy here at Aspen and we reached a striking convergence of opinion—the bloom is definitely off the nuclear rose; nuclear power is definitely dead in the public consciousness as an issue. We also agreed that the solution to the energy problem at least for the foreseeable future is oil and natural gas. This is especially true since the discovery of the huge oil reserves in Mexico. This is the biggest single factor in changing the experts' minds to the point where they now believe that we'll have at least five more years' breathing space on the energy question.

Q: What kind of input do you have into the Administration in terms of getting your views on this question accepted?

A: We have extensive relationships with the Hill and with the Department of Energy. Our Institute's Commission on Energy has among its closest advisers Grenville Carside and Frank Potter, the two top energy advisers to the Senate and House respectively.

At our premeetings this spring for last week's energy conference, they attended as did Rep. John Anderson (R-Ill) and John Dingall (D-Mich). Of course, these two have tremendous clout on the energy issue on the Hill. Also, we work very closely with Alvin Alm, the Assistant Secretary for policy and planning at the DOE. Jim Schlesinger was supposed to be here last week, but he couldn't make it.

We at Aspen, of course, first originated the concept of nuclear nonproliferation long before the politicians discovered it. We have a slogan here: "If you are not at least two years ahead of the government, you might as well not be working on a particular subject." I think we'll get a very good response to our energy proposals coming out of last week's conference from the policymakers.

British Press Dollar Crisis To Wreck Bremen Agreement

"The Bremen and Bonn Summits were flops and this is why the dollar is falling." With the notable exceptions of the West German financial daily *Handelsblatt* and the French journal *Les Echos*, this has been the line taken by virtually the entire international press following one of

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the most severe speculative attacks on the U.S. dollar in recent weeks. On July 26, the Japanese yen soared to 193 yen to the dollar, its highest level since World War II.

Business readers beware: it would appear that newspaper editorialists have dubbed Bonn-Bremen "bad for the dollar" because of the currency crisis. In reality, British financial institutions in London, New York, Hong Kong and Singapore orchestrated the speculative assault so that such editorials could be credibly written.

Their objective: to prevent implementation of the historic Bremen agreement, whereby EEC leaders agreed to establish a European Monetary System as the seed crystal of a new worldwide monetary order which will replace the International Monetary Fund.

As this publication has documented at length, the European Monetary System, which was piloted through the Bremen meeting by West German Chancellor Helmut Schmidt and French President Giscard, is designed precisely to strengthen the dollar in the following ways.

First, the EMS will soak up tens of billions of idle dollars currently overhanging the international markets and pool them together with gold and European currencies in a centralized European Monetary Fund, initially totaling \$50 billion.

These dollars will then be recycled as credits for the financing of large-scale North-South and East-West trade and development projects. The "demand" for dollars will be bolstered by the currency's linkage to hard-commodity trade and the de facto return to a gold-reserve system.

Press analyses which see in Bremen an attempt to create a rival European currency which will supplant the dollar have no basis, except in the fantasies of London bankers whose power over the world financial system has been mortally threatened.

Last week's panicky run on the dollar was spurred on by the report that an OPEC committee, headed by Kuwaiti Oil Minister Sheik Al-Sabah, had recommended

that the oil producers peg their oil prices to a basket of currencies rather than the dollar. The Kuwaiti government is known to be heavily influenced by its British financial advisors. The importance of this report was exaggerated out of all proportion, since the move must still be approved formally by OPEC and the Saudis remain strongly opposed.

U.S. Treasury Secretary Michael Blumenthal and Treasury Undersecretary Anthony Solomon, the hidden spokesmen for British interests within the Carter Administration, also contributed to the run on the dollar. Both told a Senate subcommittee July 24 that they would not object to the yen, deutschemark, and International Monetary Fund's Special Drawing Right increasingly supplementing the dollar as international reserve currencies. Said Solomon, it is not in the U.S. interest to "maintain a particular international role for the dollar if that does not correspond to the needs of a liberal, efficient system of international trade and investment."

This same line was reflected in a July 26 *Baltimore Sun* editorial, entitled "Downer for the Dollar," which argued that the Bonn Summit was not only bad for the dollar but that it suggested "a shrinkage in U.S. primacy that is probably irreversible and need not be deleterious if it is managed right."

Among the few journals seeking to puncture this myth, both *Handelsblatt* and *Les Echos* reported on July 25 that the Bremen agreement was *not* antidollar, that it was aimed at establishing a common strategy for economic recovery. *Handelsblatt* added that the agreement implied a remonetization of gold.

Playing on European Heteronomy

A variant to the "Bremen is antidollar" line is the argument that the EMS will force undue hardships "adjustment" on particular European economies and is therefore "technically" unworkable. Both the *Financial Times* and *Times* of London emphasized this theme last week: West Germany would have to reflate, either by printing new deutschemarks to intervene in support of weaker European currencies or through expanded fiscal stimulus, while the weaker European economies would have to deflate. This would weaken the deutschemark's parity against other European currencies.

The scenario received such wide credibility that foreign exchange traders reported large-scale shifting of funds by investors out of deutschemarks and DM-denominated bonds into the pound sterling, French franc, and Italian lira. As a result, the deutschemark increased only slightly against the dollar during last

week's speculative bout while the pound rose to an unheard-of \$1.9385, compared to \$1.85 at the end of June.

According to the *Financial Times'* gloating coverage, the run on DM-denominated bonds was so severe that German domestic bond prices dropped sharply. The Bundesbank was forced to inject an estimated DM250 million to DM400 million daily into the market during the week immediately following the Bonn Summit.

At the July 24 meeting in Brussels, where EEC Finance Ministers and central bankers met to work out the details of the EMS, U.K. Treasury Secretary Denis Healey attempted to divide the European nations along these profiled "strong" and "weak" economy lines. Healey said, in effect, that Britain favors the Bremen Agreement, but would like to impose the following conditions . . . West German reflation, redistribution of resources, etc., etc.

The London *Times* notes that Healey can expect Dutch backing for his wrecking expedition. What the *Times* ignores is that the European Monetary System is no mere technical scheme for linking together European currencies, but a plan to generate a recovery in world trade so that *all* European economies can expand together.

The Gold Angle

One important feature of last week's market developments was the run-up in the gold price, which reached \$195.50 an ounce at the morning fixing in London

on July 24 — rapidly approaching the \$197.50 record high of 1974. The soaring gold price may have reflected, in part, a panicky flight out of the dollar, but, in the main, the market has been responding to *steady* European stockpiling of gold in preparation for the metal's re-monetization. The big British bullion dealers, like N.M. Rothschild's, chose to join the gold rush only when they realized they could not stop it. On July 20, when the gold price broke \$190, Reuters reported that the gold-buying surge began in the British colony of Hong Kong and spread to Europe based on reports that gold would play a monetary role in the EMS.

French banking sources expect the gold price to be pegged at about \$240 — within the framework of the EMS. At present, however, officials estimate gold transactions to be only about one-third of what is required to push the price up to this level, and expect that central banks will begin to play a more active role in the market.

One further note: until investors become better informed as to the actual significance of the Bremen agreement — that it implies a *simultaneous* increase in the price of gold and the dollar's exchange rate with other currencies — the dollar will continue to be highly vulnerable to speculative pressure. On July 26, the release of U.S. trade figures for June, showing a deficit of \$1.6 billion, the smallest in over a year, allowed the dollar to recover some of its losses against European currencies but not against the yen.

— Alice Shepard

Press Talks Down the Dollar

Aiding British attacks on the dollar-supporting new European Monetary System, formulated at Bremen, is a press-lie campaign. Here, two samples:

Baltimore *Sun*, "Downer for the Dollar" Editorial, July 26:

World financial markets finally have returned their verdict on the Bonn economic summit, a verdict that is strictly a downer for the dollar. . . .

. . . General skepticism about the ability of the industrial democracies (and especially the United States) to carry out their Bonn pledges; Congress's continuing disdain for President Carter's energy and tax programs—these and other developments are causing speculators to trade in their dollars for yen or marks in volumes that central banks can hardly contain. . . .

This does not mean America is the sick man of the free world, far from it. But it does suggest a shrinkage in U.S. primacy that is probably irreversible and need not be deleterious if it is managed right.

London *Times*, "Ministers Tackle Bremen Resolutions" by Peter Norman, July 24:

Finance ministers from the nine member states of the European Community face a difficult meeting in Brussels tomorrow as they start turning the Bremen proposals for a new European monetary system into a workable plan.

The Bremen document was agreed by all nine

leaders at the EEC summit on July 7. Since then European policymakers have become acutely aware of its ambiguity and vagueness in key parts.

Britain, Holland, Italy and the West German Federal Bank have very different reservations about the document. Even outside the Community, the United States and Japanese Governments are wary of the plan.

An indication of the lack of specifics in the Bremen proposals is given by American uncertainty as to whether they would prove inflationary by expanding international liquidity, or deflationary by forcing participants into restrictive policies to harmonize with Germany's low inflation rate of 3.5 per cent. . . .

It is thought probable that Mr. Denis Healey, the Chancellor, will dwell tomorrow on the need to specify the criteria against which any scheme for greater monetary cooperation should be measured.

He outlined these in Luxembourg in June at the last meeting of EEC finance ministers, but they were barely touched upon in the Bremen document.

Mr. Healey's criteria are of a fairly fundamental nature. Among other things he wants any scheme to involve symmetry, or the placing of equal obligations on surplus as well as deficit countries.

The British also want to make sure that any new scheme will remove constraints on growth rather than increase them, and that it will not prevent exchange rate adjustments insofar as these are necessary to reflect real differences in economic performance.

A 'Schmidt-Brezhnev Deal' For Japan?

The visit of Soviet Vice Foreign Trade Minister Yuri Brezhnev, the son of Soviet President Leonid Brezhnev, to Japan last week, although virtually ignored in the Western press, signals a major shift in Japanese-Soviet relations. On the Soviet side, the Russians appear to be committed to pulling Japan into "Grand Design"

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development policies along the lines that Chancellor Schmidt and President Brezhnev outlined for West German-Soviet relations at Bonn in May.

The changed attitude of both the Soviets and the Japanese is the direct result of the successful strengthening of the "Grand Design" alliance in the wake of the Bonn summit. Especially key to this process is the role Chancellor Helmut Schmidt is playing. Schmidt and Fukuda at Bonn formed a virtual pact to directly integrate Japan into Europe's moves, especially with the Soviet Union and the Arab states. The Japanese are indicating their clear willingness to take the Soviet offers very seriously.

According to the July 28 *Mainichi Daily News*, Brezhnev went to Japan with a program calling for massive economic cooperation between the two nations. *Mainichi* reports that officials of the Ministry of International Trade and Industry, whose boss, Toshio Komoto, met with Brezhnev, believe "that the Soviet Union was considering an agreement comparable to the one signed with West Germany in May calling for a wide range of economic cooperation, including energy supply" with Japan.

Brezhnev, who was in Japan at the invitation of 12 leading Japanese trading companies, also met other key Japanese leaders, including Toshio Doko, the head of Japan's big-business federation Keidanren. Doko led the first major Japanese business delegation to the Soviet Union in 1975, when the Japanese delegation met with Leonid Brezhnev personally. Doko today is a leading supporter of both massive fusion power development and the Mitsubishi Research Institute's plans for a new \$500 billion international development fund outside of any International Monetary Fund control.

Although Yuri Brezhnev himself has kept the details of his proposals secret, there can be no question that the size of the economic deals he is offering to the Japanese are formidable. Brezhnev made a point during his visit of touring Japanese steel production and advanced harbor facilities, both necessary components of any major Siberian development push.

The Importance of Detente

The Japanese have recently made major efforts to make clear to the Soviets that Japan is completely opposed to the lunatic "play the China card" option now being pushed by National Security Council head Zbigniew Brzezinski and the Zionist Lobby-linked

Committee on the Present Danger. Japan's leading newspapers have blasted the Brzezinski strategy, with the managing editor of Japan's leading paper, the *Asahi Shimbun*, calling the NSC chief's ploy "extremely dangerous."

Japan's Foreign Minister Sunao Sonoda recently gave an interview to the *Christian Science Monitor* saying that when Brzezinski visited Japan after his China tour the Japanese government itself warned him that his policy was dangerous, and that the Japanese believed it proper to "mediate, not aggravate" the Sino-Soviet split.

The Japanese government has for its part reached a major decision to follow the leads of both Helmut Schmidt and French President Giscard to have Europe and Japan work in cooperation to maintain detente. According to a Japanese journalist who covered the Bonn talks between Schmidt and Fukuda, the major topic of the discussion was "NATO and East-West problems."

In the days following Bonn, the Japanese government has dramatically moved to discipline its own pro-Brzezinski forces inside the defense establishment. On July 28, the government removed a major block to the improvement of Japanese-Soviet relations by firing the chairman of Japan's Joint Chiefs of Staff, Hiroomi Kurisu.

Kurisu in the past has become notorious for publicly advocating a rethinking of Japan's stated defensive military policy to include an offensive capacity against the Soviet Union, whom Kurisu has said is Japan's major military enemy. Since his appointment to the chairmanship of the Joint Staff last year, Kurisu has consistently mouthed a Brzezinski-type line about the need for Japan to become eventually involved in a "NATO style" defense alliance with the U.S. and the PRC against the Soviet Union. In the past the Fukuda government only verbally repudiated Kurisu's wild statements.

Japan is also starting to coordinate its detente policy with French President Giscard, something that German Chancellor Schmidt is undoubtedly helping to mediate. Last week Giscard gave his first interview to a Japanese paper, the *Yomiuri*, since he took office as President. He underlined the need for Europe to take the lead in maintaining peaceful relations with the Soviet Union. Former Japanese Prime Minister Takeo Miki will personally meet with Giscard this month to further work out Japanese-French cooperation.

The Arabs

Japan's increasingly independent orientation to the Soviet Union has been followed by major Japanese moves in the Mideast to publicly identify the Japanese government with key leaders of that region, especially Egyptian President Sadat and the Saudi Arabian government and against Israel.

In the past the Japanese have hesitated to go all out in promoting direct political ties with the Mideast Arab states for fear of alienating London and its New York-based "Jewish bankers." Instead, the Japanese have conducted an intensive round of "economic diplomacy"

in the region in part to guarantee a secure supply of oil.

The Japanese now however are becoming much more open about their own role in the region, especially since the Japanese share Saudi Arabia's own concern with the weakness of the U.S. dollar. In the Middle East, too, the West German government is undoubtedly helping to smooth the way for an increased Japanese presence in the region.

This week former Japanese premier Takeo Miki left Tokyo for a trip to Saudi Arabia, Kuwait and Egypt. Miki's trip will also lay the basis for Japanese Premier Fukuda's historic visit to the Middle East in September,

the first ever by a Japanese head of State. Fukuda will stop off in Saudi Arabia, Iran, and Egypt.

Miki, under the prodevelopment Tanaka regime, played a key role in first establishing Japanese-Arab ties. The Tanaka government's efforts to build those ties during the "oil crisis" following the October 1973 war met with ferocious opposition from Henry Kissinger, who was supported by the then Minister of Finance, today Fukuda's leading opponent inside Japan's ruling Liberal Democratic Party, Masayoshi Ohira. Miki will also stop off in France during this tour for his meeting with Giscard.

—Kevin Coogan

Soviets Chart Frontiers to 1985

An analysis of the Central Committee summer plenum

A plenary session of the Central Committee of the Soviet Communist Party, held July 3-4 and primarily dedicated to the future of Soviet agriculture, was the occasion for the most comprehensive agriculture policy statement by General Secretary Brezhnev in this decade. It is also the first time that Brezhnev has enunciated goals and directives for the period 1981-85, and thus marks the start of drafting the USSR's 11th Five-Year Plan.

The variable most subject to fluctuation and most difficult to fix in Soviet planning is the input from foreign trade, especially from the capitalist sector. Imports do not record a high percentage of the Soviet national income (analogous to GNP), but are marginally decisive in several industries.

Soviet planners are already calculating into their programs, especially for Siberian development, the provisions of the 25-year economic cooperation package signed by Brezhnev and Chancellor Helmut Schmidt of West Germany in May of this year.

Similarly, they hope to incorporate new broad Russo-Japanese agreements, which will, above all, accelerate

the energy- and industrial-complex growth rate on the Siberian frontier. Yurii Leonidovich Brezhnev, a Deputy Foreign Trade Minister, is in Tokyo to prepare the ground for negotiating such a package at the regular Japanese-Soviet mixed economic commission meeting in the autumn.

Speaking to the Supreme Soviet on July 5, Prime Minister Kosygin described a law being passed to strengthen the effectiveness and flexibility of central government institutions for implementing the USSR's economic and social programs. Touching on the government's responsibility for foreign trade, he underscored that Soviet-American trade is only "at the most rudimentary stage," with the U.S., accounting for only 2 percent of the Soviet Union's foreign trade turnover.

Without a shift sharply into the magnitude of industrial expansion demonstrated by the initiatives of Schmidt and the Japanese, the U.S. is running the risk of being shut out of the most productive trade and development policy of the USSR to date: development of the Siberian frontier.

— Rachel Berthoff

Brezhnev's Industrialized Agriculture Program

In his July 3 address to the Central Committee, President Brezhnev reviewed the past 13 years of his policy for Soviet agriculture, which dates from a March 1965 Central Committee plenum. At that time, the Soviets instituted a policy to stabilize the agriculture sector after years of increasingly haphazard innovations by Nikita Khrushchev.

The approach to agriculture in the Brezhnev period has been basically sound: the steady increase of agricultural productivity through industrialization. Among the most important special programs begun in these years are the Non-Black Earth zone plan of capital construction in the old areas of northern Russia (announced in 1974); the creation of agro-industrial complexes that combine agriculture and food-processing in specialized farm-factory complexes (experimental for several years in Moldavia, then declared national policy in a 1976 Central Committee resolution); and a concerted program to increase fertilizer production.

Despite these efforts, the agriculture sector remains the least productive in the USSR and a drain on the national economy. With 30 percent of the population engaged directly in farm labor and households, Soviet agriculture is a tightly clogged bottleneck. An across-the-board improvement in infrastructure, mechanization

levels, fertilizer base and other inputs—on an order of magnitude possible only with an expanding world economy and East-West trade — will be necessary to alleviate the chronic inefficiencies.

Industrial Agriculture

Brezhnev defined two goals in his July report. The first was "to mobilize the party and the people for successful implementation of the (current, 1976-80) Five-Year Plan" in agriculture and improvement of its technological base. In other words, an all-out effort to recoup shortfalls accumulated in the first two years of this plan period.

Secondly, Brezhnev presented a long-term perspective for further industrial development of Soviet agriculture. He set a preliminary goal for gross grain production of 238-240 million metric tons annual average in 1981-85 and one ton per capita for the Soviet population of over 250 million by 1990. The previous record harvest is 224 million tons. Combined with comparable growth in meat and dairy industries, Brezhnev said, this will "make it possible...by the end of the 11th Five Year-Plan (1985) to approach scientifically-established norms of per capita food supply."

Brezhnev introduced his account of how this will be

accomplished with capital investments and industry for agriculture. Capital construction for agriculture in the 11th Five-Year Plan will at no point be less than the current proportion of 27 percent of capital investment in the whole economy.

This investment level, which has risen from 20 percent in 1965 to 23 percent in 1966-70 and 26 percent in 1971-75, reflects the "sinkhole" problem of Soviet agriculture. Once the crucial bottlenecks in the sector are unblocked, rising efficiencies will permit the portion of capital investment that goes to agriculture to fall, as it should in a technologically progressing economy. But the unblocking requires a large infusion of capital goods on a "one-time" basis — a solution which lies in the realm of East-West, particularly Soviet-American, trade.

"Although our plenum today is dealing with agriculture," Brezhnev said, "we always remember the leading role of our industry. We will continue to invest in industry as much as it needs." And for agriculture itself, industry must gear up capacities for producing agricultural machines and "radically solve their quality problems."

Brezhnev reviewed, crop by crop and sub-sector by sub-sector, what has to be done to produce more meat, raise feed protein levels, utilize new trucks, etc. He dissected the major growth programs with a critical eye, not hesitating to pronounce performance in the Non-Black Earth zone — a project he made his personal responsibility in 1974 — to be seriously lagging.

Concerning capital investments, he named provinces where "these investments are not yielding sufficient return," and demanded rectification in those areas.

Several pricing changes and an alleviation of collective farm debt were announced, to spur farm output for the immediate period ahead.

'A Region Headed Into The Future'

With a whistle-stop train tour of Siberia shortly before his visit to West Germany this year, Brezhnev gave new impetus to the Soviet national campaign for Siberian development. Starting with the shift north and east of the USSR's main fossil fuel resource base, Siberia is becoming the locus of industrial development breakthroughs determining the growth rate of the entire Soviet economy.

The government daily Izvestia is now sponsoring a cross-country tour of reporters to produce a series of

articles on Siberian development. Excerpted here is an analysis by Academician G. Marchuk, chief of the pioneering Novosibirsk-centered Siberian Branch of the USSR Academy of Sciences, in an interview conducted by Izvestia reporters on the Siberia tour and released July 19.

The accelerated economic development of Siberia . . . is a national task

I would like first of all to point out that a scientific solution of the problems of Siberia is possible thanks to the creation on its territory of an extensive network of scientific centers and institutes

The first stage of your tour was Western Siberia. Its chief problem is a pace-surpassing development of the fuel and energy industry. This is of national significance. The entire increase in oil production in this five-year plan; 90 percent of the natural gas increase and 80 percent of the coal increase will come from Siberia Extremely important at this time are the full analysis and exploitation of oil and gas resources and the determination of further geological deposits

The Sayano-Shushensk industrial complex deserves very serious attention. This is centered on the energy of the largest hydro-electric station in the world, being built in Sayany, and exploitation of the mineral wealth of this area. The construction of approximately two hundred enterprises is projected, including turbo-generator and heavy electrical equipment factories. But the most important thing is not the quantity of factories, but that the Sayano-Shushensk complex be created in a coordinated fashion with a well-balanced infrastructure

In Irkutsk Region, the Baikal-Amur Mainline begins. This railroad is fundamentally transforming the entire territory from the Lake Baikal area to the Pacific coast. The economic development of the BAM zone has been plotted by a collective of scientists from the Siberian Branch. But there remain many unsolved questions . . . (such as) the best sequence of bringing sections of the BAM on line and getting the area's natural resources into the economy. The country must have a real return from the BAM as soon as possible.

The first such "return" is expected in a few months: the ability to transport coal from the South Yakutsk industrial complex to the Pacific. The southern Yakutsk area is of interest to specialists because iron ore deposits there are not far from the coal. If the prognoses of geologists are borne out, we will have everything necessary for creating for the East its own steel base.

The Anti-Industry 'Carcinogens' Hoax

A biologist tells business to quit being defensive

The media brouhaha over alleged "cancer-causing agents" in our food, air, and water was condemned as a hoax by biologist-geneticist Richard Pollak, a spokesman for the Fusion Energy Foundation. Dr. Pollak made the charge in a speech to a workshop on diesel emissions sponsored by the Departments of Energy and Transportation and the Environmental Protection Agency, in New York City. This article is taken from Dr. Pollak's remarks.

There has been a pervasive problem of defensiveness in the industrial community, of bowing to the assumption that the introduction of new industrial technologies always means severe new health hazards for the population.

This is a hoax, a tool of insinuation and innuendo used against technological innovation and its industrial applications.

An insidious argument is continuously put forth by the environmentalist movement, which goes like this: Industry and technology must bring harmful effects, but since the effects are not always readily apparent, they must be expressed as a "hidden plague" of cancer. Thus, it is claimed, cancer is the scourge of modern industrial society.

The facts, however, show that the incidence of cancer has not increased since 1900. Remember that in the period from 1900 on, the United States underwent a massive social upheaval. The population moved from the farm to the cities, and along with that upheaval came a massive shift to mechanization, both in rural and in urban areas. This was a tremendous social change that thrust millions into the industrial modern era. As a result cancers *should* have increased dramatically, if, as it is argued, industrial by-products are highly carcinogenic; increased so dramatically that we would have seen a tremendous rise, a geometric rise, in cancer.

But this simply didn't happen. If you take into account the increase in the absolute size in the population and the relative increase of the elderly to the population as a whole, and then add in the increase in lung cancers which is epidemiologically closely correlated to cigarette smoking, it is clearly demonstrated that there has been *no* increase in the incidence of deaths due to cancer for the population of the United States. Indeed, there has been a slight decrease.

Those "Scientific Tests"

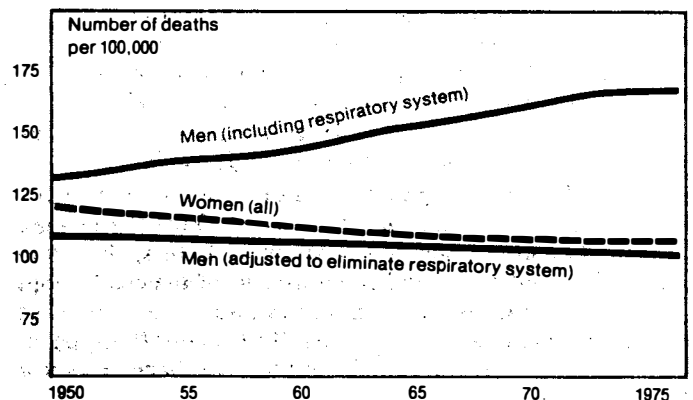
Yet, in their zeal to protect the population from the illusory "cancer epidemic" and to provide an equally illusory "risk-free" environment, environmental scientists have mustered an imposing array of empirical tests which, if they were taken seriously, prove that we

all should have died years ago. These tests have no scientific bearing on the problem of human cancers.

One of the most frequently quoted tests which is alleged to indicate the carcinogenic potential of various substances is the Ames test. It involves subjecting specially engineered bacteria to various chemicals to determine the substances' mutagenicity (i.e., their effects on the bacteria's genetic material), and then extrapolating these findings to show the alleged carcinogenic potential for humans. But this extrapolation is fraudulent. The linkage of mutation to cancer is uncertain, the effect of high doses used in the tests cannot be linearly compared to that of the low doses to which the human population is exposed, and there is little correspondence between the physiology of a highly sensitized primitive bacterium and that of the most advanced mammalian species. Moreover, the initial claims that the Ames test has a certain value as a screening tool to determine which compounds should be further investigated for carcinogenic activity rest on a statistical correspondence between the Ames test and other animal tests, which is being refuted as more data are generated.

Current animal studies are also fraught with inconsistency. Here too, the problems are ones of unwarranted extrapolation, from nonhumans to humans and from high doses to low. The former implies that animal systems and human systems are basically the same. This is obviously not the case; there are profound metabolic, physiological, and anatomical differences which demand a great deal of caution in the interpretation of animal studies to potential effects in humans. For instance, penicillin produces sarcomas in rats; under Environmental Protection Agency guidelines doctors should not use penicillin to treat human disease!

The second incorrect extrapolation involves dosage levels. When an investigator massively doses a test



organism, he often surpasses the threshold level at which those organisms have the ability to detoxify the substance in question. Yet if one takes those results and extrapolates down to lower levels, which is the usual methodology involved, the implication is that even at low levels the effects are the same, a statistical model which has never been verified in biochemical studies or in metabolic studies.

Of course, there is the final question of the interpretation of the results. Hair dye is found to cause cancer in rats—when the rats eat large quantities of hair dye. To extrapolate that to someone using hair dye on his hair and skin is far-fetched, if not outright dishonest.

Then there was the Colorado researcher who inserted a coin into the peritoneum of a group of rats, and found that these coins caused cancer. Does that say something about the money supply? It does not say anything about cancers, as they relate to either the workplace or the environment as a general phenomenon.

The truth is that a "pure" environment just does not exist. Think of your drinking water, for example: calcium has been shown to be carcinogenic by the Food and Drug Administration. But if you took calcium out of your drinking water and drank "pure" doubly distilled water, like that found in every laboratory, you would very quickly be dead, because the doubly distilled water would leach out ions, including calcium, that are essential to your metabolic being.

The type of data which appears to be the best for evaluation purposes is epidemiological. Yet, this too runs into some real problems.

For example, there was a Swiss study by Blumer, et al. in 1977 on polyaromatic hydrocarbons in soils and the relationship to cancer in a Swiss village. The study found that there were two groups of individuals in this village — one lived by the road in older housing along a well-traveled highway, the other further back off the highway in newer housing, in a place where there was very little traffic. The former group had higher incidences of cancer.

This study has been interpreted by the environmentalists to show that diesels on the highway caused cancer. Yet any careful reading of this study shows that it does not say that at all. In fact, it is actually quite a poor study.

First of all, diesels are never mentioned in the study itself. But then, let us look at some of the data-collecting activity in the study. It never says how this town is divided in terms of age groups. It is possible that, because there was a clear-cut division in the age of the housing, perhaps there had been a shift in the population such that the younger people moved to the newer housing. I do not know; there was no data. We will never know unless we go back and do the study again.

Were the water supplies the same? We do not know. Were the housing materials the same? Were the income levels the same? How about smoking habits, the occupational breakdown, and the material of the road — not necessarily the vehicles that traveled on it, but what about the roadbed material itself? None of these parameters were investigated. How can you therefore show

with this study that diesels were the cause in the difference of incidence of cancers is beyond me.

Technology And Well-Being

The essential question here, however, is the basic one of a "no-risk" society. This utopia is an illusion. It is fallacious to assume that it is possible to separate out the biological risk to an individual as a result of the introduction of a particular form of technology from the contribution that that technology makes to the overall health of the society; the individual's biological health is not a category which is separable from societal growth and well-being. Therefore there is no need for manufacturers and people in the industrial technologies to apologize to the environmentalists!

Let me illustrate this concept briefly by looking at what happens when you introduce diesel equipment into a mine.

First let us look at some of the risk factors in a mine in general. There is black lung disease; the risk is death for one out of every 10 workers. Mine accidents create another huge risk. A miner goes into a mine knowing that he could be struck down by a variety of possibilities. It is a very hazardous profession, to say the least.

Now think what diesel equipment does in a mine. It frees the number of workers needed. The introduction of machinery actually increases the labor power of the individuals in that mine, such that you need a concomitantly decreased number of workers in order to get out the same product. The cancer rate for the particular worker group actually declines for a given productivity.

As soon as you remove a significant number of workers by the introduction of this machinery, you have increased the health of those workers. That is obvious. No longer do they face black lung disease, coal accidents, and so on. You also increase society's health in a very significant way, because you now free these workers to go on and make diesel equipment, and to administer to other technological needs of society, like inventing newer forms of technology that will supersede the diesel and other technologies of today. This labor power can then also become biologists and medical personnel to deal with, and eventually cure, cancers.

It is foolish to be defensive about the introduction of advanced technologies, because the general health and well-being of society, as well as of the individuals in the particular area, is obviously *enhanced*.

You can always say that the introduction of this or that machinery brought a risk, but the overall effect is, obviously, positive. Indeed, the increase of free energy as a result of every introduction of technology may lead to other general health cures.

Thus, the industrialization and the implementation of advanced technologies throughout this society has had an absolutely positive effect on the health and well being of the individuals. As I have pointed out earlier, the nominal increase in cancer is primarily due to the increase in lifespan and the age grouping. And that increase in lifespan was a direct result of the most massive industrialization in the history of the globe, in the United States from 1900 to 1975.

Challenge To Heritage Foundation's Tax Exempt Status

Labor Party charges that Foundation's slanders are political

The Baltimore District Office of the Internal Revenue Service began investigating the possible revocation of the Heritage Foundation's tax exempt status July 25, following the filing of a complaint by the U.S. Labor Party. The complaint points out that the foundation's gratuitous circulation of a 24-page slander report against the U.S. Labor Party and its chairman, Lyndon H. LaRouche, Jr., clearly violates Internal Revenue Law. The Heritage Foundation is part of a deployment directed by City of London financiers to prevent the overhauling of the present bankrupt world monetary system along the lines LaRouche proposed in 1975 with his release of the International Development Bank program. To stop the implementation of the European Monetary System proposed by West German Chancellor Helmut Schmidt and French President Giscard, London has launched a full-force anticommunist crusade in defense of what it calls "free enterprise."

Supporters and members of the Heritage Foundation, which purports to be a right-wing research institution and a "last bastion of capitalism" regard it as the "church of free enterprise in the U.S." The foundation's smear campaign against LaRouche and the Labor Party hopes to gull U.S. conservatives into allowing the country to be looted via depression-triggering deflation tricks associated with Federal Reserve Chairman G. William Miller and Schactian economist Milton Friedman.

By legal definition the Heritage Foundation's role in circulating the slander that the Labor Party is a terrorist organization reclassifies the organization from a foundation into an "action organization," which is not eligible for a tax exemption. The slander report was authored for Heritage Foundation publication by Francis M. Watson, head of the Rockford College Institute, a little-known Midwestern think tank.

While the IRS conducts its investigation, the Labor Party has learned that the report is still being circulated to political and public spokesmen who have not solicited it.

The Heritage Foundation's activities fall within the broader initiative code-named "Operation Conservative" which aims to prevent U.S. business and industry leaders from recognizing the Labor Party's role in creating the global economic revitalization program agreed on by the leaders of advanced nations at key summit meetings in Bremen and Bonn, West Germany this month.

The Complaint

The U.S. Labor Party informed the District Director of the Internal Revenue Service in Baltimore of the Heritage Foundations' activities in the following complaint on July 25.

The Heritage Foundation, which has its office at 513 C Street, N.E., Washington, D.C., is classified as a Section 501 (c) (3) tax exempt organization under the Internal Revenue Code of 1954. We have been advised by our tax counsel that organizations which engage in political

activities and-or campaigns which seek to discredit particular individuals and institutions on the basis of unsupported opinions and incomplete information relating thereto, are subject to review and possible revocation of their Section 501 (c) (3) tax exemption.

For the reasons and authorities that follow, we respectfully request that an investigation be made by your office with regard to possible revocation of the tax exempt status of the Heritage Foundation.

The U.S. Labor Party (USLP) is an electoral party headquartered in New York, New York, which is duly registered with the Federal Elections Commission. In the 1976 Presidential election, the USLP presidential

candidate, Lyndon H. LaRouche, Jr., was on the ballot in 26 states. Mr. LaRouche has recently toured the United States, preparatory to launching a formal candidacy for the 1980 presidential election.

During this tour, it has come to our attention that the enclosed document, published under the letterhead of the Heritage Foundation, has been gratuitously and without solicitation circulated by such foundation to various persons and organizations in business, press and politics. We are in the process of preparing a list of the recipients of this document, as known to us, and we will be prepared to discuss this information once we have fully confirmed all details.

We have received further reports from individuals and organizations receiving this document, which indicate that Mr. Francis M. Watson, the author of the document, has contacted some of the individuals and organizations by telephone, on behalf of the Heritage Foundation and the Rockford College Institute, urging them not to associate politically or otherwise with Mr. LaRouche or the U.S. Labor Party. We are available to discuss this matter as well, which we are currently investigating.

We have been further informed by our tax counsel that the above activities of the Heritage Foundation violate

the proscription against political campaign activity contained in Section 501 (c) (3) of the Internal Revenue Code. As further authority, we refer to the case of *Christian Echoes National Ministry, Inc. vs. United States*, 73-1 USTC, Paragraph 9129 (U.S. Court of Appeals, 10th Circuit, 1972), and to Revenue Ruling 68-263 (1968-1 CB 256).

We respectfully urge the District Director to act forthwith to stop the Heritage Foundation's attempt to exploit and abuse their tax exempt status through publication of overtly political materials under the guise of "research."

The Legal Case Against The Heritage Foundation

Here is a portion of the Internal Revenue code section 501 C (3).

"An organization is an 'action' organization if it participates or intervenes, directly, or indirectly, in any political campaign on behalf of or in opposition to any candidate for public office. The term

Who's Who In The Heritage Foundation

Board of Trustees

Ben B. Blackburn, Chairman

Member, House of Representatives 1967-75 from Atlanta, Ga.; president, Southeastern Legal Foundation in Atlanta, affiliated with the National Legal Center for the Public Interest.

Joseph Coors

President of Adolph Coors Company; Board of Overseers at the Hoover Institution at Stanford University; principal contributor to the Heritage Foundation.

Thomas C. Ellick

Vice-president of corporate relations for the Fluor Corporation; member, National Association of Manufacturers Public Affairs Committee.

Edwin J. Feulner, Jr.

President, Heritage Foundation; former Senior Staff Aide in U.S. House of Representatives for 10 years; personal staff member of Melvin Laird.

J. Robert Fluor

Chairman, President and chief executive officer of Fluor Corporation, headquartered in Houston with a subsidiary in Toronto; Chairman of the Board of Trustees of the University of Southern California.

J.F. (Fritz) Rensch

President, Racine Industrial Plant, Inc.; member, Young President's Organization.

William E. Simon

Former U.S. Secretary of the Treasury.

Frank J. Walton

Former president, Heritage Foundation; served as Secretary of Business and Transportation for State of California under Governor Reagan.

Jack O. Wilson

Assistant to the president, Adolph Coors Company; former president of Television News, Inc.

Policy Review Editorial Board

Edwin J. Feulner, Publisher

President, Heritage Foundation; attended London School of Economics; member of International Institute for Strategic Studies (IISS), London; member, Mont Pelerin Society.

Robert L. Scheuttiner

Director of Studies, Heritage Foundation; attended Columbia, Oxford, University of Chicago; taught at St. Andrews in Scotland; member London IISS; member, Mont Pelerin Society; attended 1976 Mont Pelerin conference with Otto von Hapsburg, Karl Popper, J. Enoch Powell and others who visit Adam Smith's grave in Scotland.

'candidate' for office means an individual who offers himself, or is proposed by others, as a contestant for an elective public office, whether such office be national, state or local. Activities which constitute participation or intervention into a political campaign on behalf of or in opposition to a candidate include, but are not limited to, the publication or distribution of written or printed statements or the making of oral statements on behalf of or in opposition to such a candidate."

Legal Precedent

In 1972, the IRS law for rescinding the tax exempt status of a foundation was tested in *Christian Echoes National Ministry, Inc. v. U.S.* In that case, evangelist Dr. Billy James Hargus maintained his slanderous attacks against individuals and groups were simply an exercise of his "First Amendment rights." Not so, said the Court, whose findings stated: "In light of the fact that tax exemption is a privilege, a matter of grace rather than right, we hold that the limitations contained in Section 501 (c) (3) withholding exemption...do not deprive Christian Echoes of its constitutionally

guaranteed right of free speech. The taxpayer may engage in all such activities without restraint, subject however, to withholding the exemption or, in the alternative the taxpayer may refrain from such activities and obtain the privilege of exemption . . . government shall not subsidize, directly or indirectly those organizations whose substantial activities are directed toward the accomplishment of legislative goals or the election or defeat of particular candidates."

The Court found that although Christian Echoes "generally did not formally endorse specific candidates for office, it used its publications and broadcasts to attack candidates and incumbents who were considered too liberal."

Christian Echoes and Hargus not only lost their tax exempt status, but lost it *retroactively*. Not only was the organization found liable for tax payments from the time it began its active political denunciations of certain candidates and spokesmen, but so were its *contributors*.

Current contributors to the Heritage Foundation run the same risk, as the foundation could also lose its tax exempt status retroactively, that is from the time its activities made it an "action organization."

David Israel Meiselam, Chairman of Editorial Board

Member, Royal Economic Society; member, Mont Pelerin Society; Chairman of Presidential Task Force on Inflation, 1968-69; Senior economist, OAS Inter-American Development Bank Fiscal Mission to Peru, 1964.

Kingsley Amis

Fellow of Pooterhouse, Cambridge, 1961-63; British novelist and frequent contributor to the *New Statesman* and *The Spectator*.

George F. Gilder

Fellow at Kennedy Institute of Politics; staff aide to Jacob Javits and Charles Mathias; managing editor of *The New Leader*; formerly editor of *The Ripon Quarterly*.

Stephen Haseler

Member, British Fabian Society; former Labour Party ranking member of the Greater London County Council; principal lecturer in politics at City of London College.

Harold M. Hochman

Research Director for International Center for Economic Policy.

Herman Kahn

Director of Hudson Institute; member, Council on Foreign Relations.

Henry G. Manne

Board of Directors, Foundation for Economic Education, one of the original free enterprise think tanks; member, Mont Pelerin Society; Director, Law and Economics Center, University of Miami, Florida.

Allan H. Meltzer

Maurice Falk Professor of Economics and Social Science, Carnegie-Mellon University Graduate School of Industrial Administration.

Robert Moss

Editor, Evelyn de Rothschild's *Foreign Reports*, the confidential intelligence weekly of *The Economist*; member of IISS, London.

John O'Sullivan

Editorial writer for London's *Daily Telegraph*.

Roger Pearson

President, Council on American Affairs and general editor of its *Journal on Social and Political Studies*; editor, *The Journal of International Relations*; race scientist; heads American branch of World Anti-Communist League and sponsored this group's last world conference in Washington, D.C.; claims U.S. is "just an outpost of the Empire."

William Schneider

Member, IISS, London; staff member, U.S. Congress; Research Fellow, Hudson Institute.

Gordon Tullock

Editorial director of the Center for Public Choice.

Ernest Van Den Haag

Taught at New School for Social Research; member, Mont Pelerin Society; founding and contributing editor of *National Review*; author, *The Jewish Mystique*.

The Black Guelph Networks That Want LaRouche Dead

The following report was released last week by the Security Staff of the U.S. Labor Party.

Ongoing U.S. Labor Party investigations into the role of Professor Francis M. Watson and the "conservative" Rockford College Institute in the live assassination deployment against U.S. Labor Party Chairman Lyndon H. LaRouche, Jr. have unraveled a chain of evidence over the past 72 hours leading directly to the top levels of the British Round Table and its affiliated think tanks, financial institutions, and intelligence services. In point of fact, the "free enterprise conservative" institutions in the United States, identified as principal conduits of an intensive filthy slander effort against LaRouche within the nation's corporate boardrooms and leading policy-making circles, are for the most part dupes of a London-centered operation that they themselves do not fathom.

The purpose of the slanders against LaRouche and the Labor Party, beginning approximately one week before the Bremen Conference of European Community leaders, is twofold: first, to establish an environment of isolation and hostility toward LaRouche in order to facilitate the assassination option currently viewed by top security services officials in the United States and continental Europe as a "high probability" live operation; second and more broadly, to wreck, by every device available to the Round Table apparatus, the full implementation of the New World Economic Order. That Grand Design for global peace and prosperity, based on a new monetary system pegged to gold and devoted to high technology capital expansion, was initially proposed by LaRouche as the International Development Bank (IDB) in March 1975 and — as the accompanying report shall document -- was immediately deployed against by the City of London and its U.S. lower Manhattan allies. That same IDB proposal represents the core conception behind the European Monetary Fund that was put forward by West German Chancellor Schmidt and French President Giscard d'Estaing at the recent Bremen and Bonn summit meetings.

What follows represents an initial profile of the Round Table networks behind the campaign to destroy that Grand Design. Subsequent articles in this newspaper will provide updates and more detailed profile material on the Black Guelph conspirators and their tentacles in the United States. The immediate purpose is to provide the outlines of the network so that individuals approached by representatives of this fascist design (usually under the rubric of defending "America's free enterprise system") will be effectively inoculated, and so that individuals of honest persuasion presently hooked into this operation can break free and avoid complicity in potential multiple assassinations.

From the Top Down

At present, the U.S. Labor Party has established that the point of initiation of the current activation is the

British Round Table group, and a series of planning discussions that group initiated in December, 1977.

For the most part, the Round Table associates have been in collaboration since World War II. As a grouping, their past role has been to assume policy making and implementing responsibility at those postwar conjunctures in which Grand Design organizing on the part of American and Western European factions has posed a direct threat to the future of the "Empire."

It was this grouping that assumed charge of British policy following the Suez crisis of 1956-57, during which time the U.S. Eisenhower Administration was making a fundamental policy break with London in pursuit of the "Atoms for Peace" program. It was this group that installed and ran the Kennedy Administration and organized the destabilizations and eventual overthrow by "grand deceptions" of West German Chancellor Adenauer and French President de Gaulle.

It was this Round Table grouping -- politically associated with the Heath-Tory faction (the so-called "European Unity", i.e. "pro-Bremen" faction within the Conservative Party) -- that in the past month sponsored two conferences in Britain to create several institutions for deployment to wreck the Grand Design. Approximately four weeks ago, a conference was held at Brighton under the chairmanship of Admiral LeBailey, the former head of British Secret Intelligence Service (SIS). The aim of the session -- called "Aims for Industry" and drawing in directors of the Imperial Chemical Industries, the Warburg banking circles and as yet unidentified U.S. corporations -- was to chart a course for mobilizing the intelligence services of the West in an "anticommunist crusade" in defense of the "free enterprise system." The same circles, at approximately the same time, with heavy financial backing from the Ford Foundation, created an institution known as the "British Brookings" to facilitate cooptation and takeover moves against the Grand Design efforts of the Western European governments.

The "Free Enterprise" Fraud

Since the 18th century when Adam Smith was deployed as a political agent of the Black Guelph faction to destroy the dirigist policies of industrial progress embodied in the American Revolution, the City of London has used "free enterprise" as a synthetic belief structure to confound, capture and manipulate honest but poorly informed industrial and political circles on behalf of the overall policy interests of the Anglo-Dutch oligarchy. At present, on the basis of the "free enterprise" myth, the above-cited network maintains a heavy penetration into United States political institutions that are generally profiled as conservative, procapitalist.

This is the control that was activated during the last week of June in an effort to trigger a series of assass-

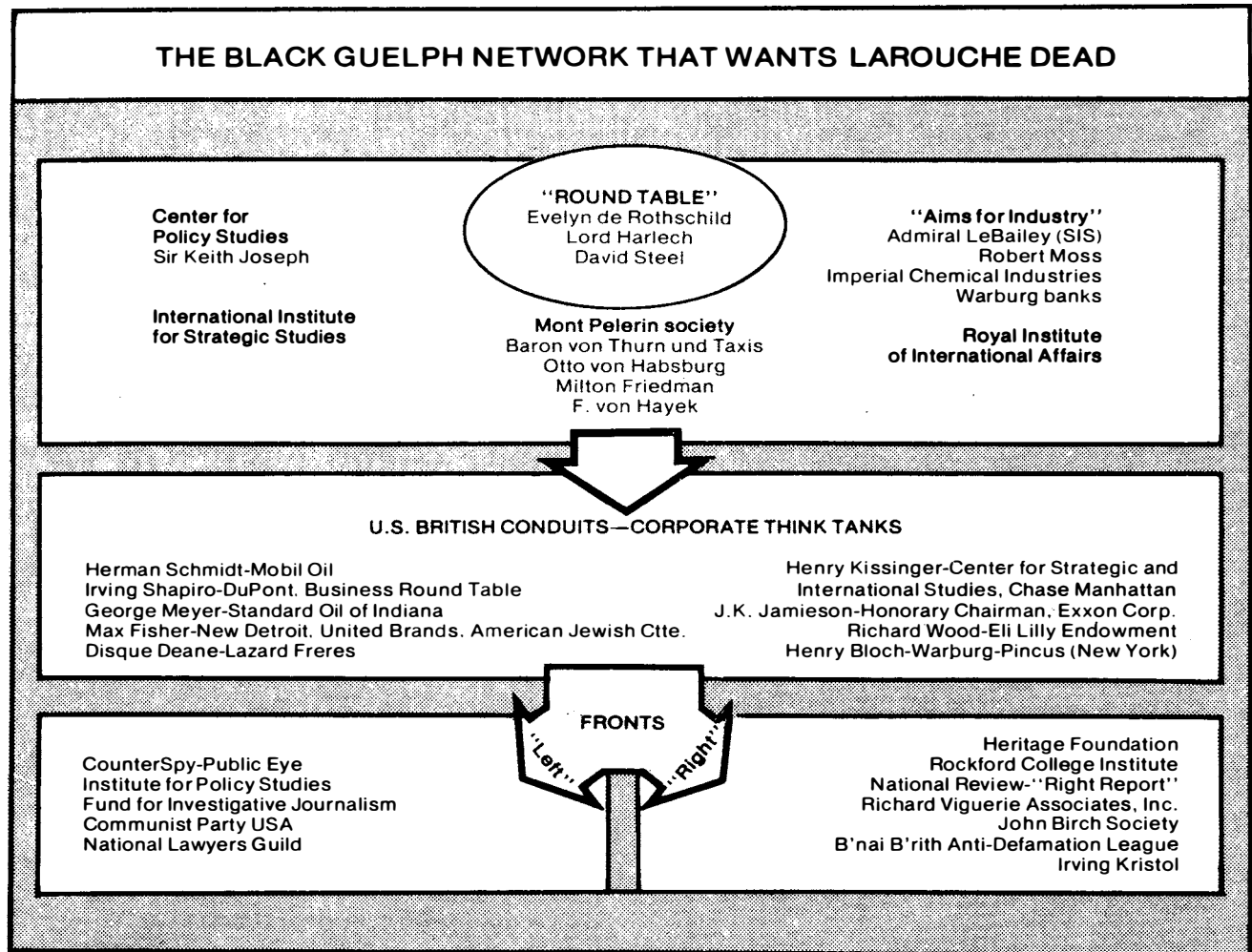
inations beginning with Lyndon H. LaRouche, Jr., to wreck any prospects of U.S. involvement in the Grand Design.

We summarily profile, first, the institutions so activated, and then, the channels of control.

Rockford College Institute, Rockford, Ill.: This virtually unheard of think tank has been one of the principal "plumbers units" activated for the purpose of running a slander and isolation effort against the Labor Party. Among the board members of RCI is Barbara Schonfeld, Minister of Exchequer in Margaret Thatcher's Tory "Shadow Cabinet." The "official" sister organization to the London Center for Policy Studies (directed by Sir Keith Joseph, official speech writer for Margaret Thatcher and a board member of the Heritage Foundation's journal *Policy Review*), RCI is run by Professor Francis M. Watson, a self-styled expert in left-wing propaganda techniques. Watson authored a June 30 report under the Heritage Foundation's letterhead containing a string of slanders against the USLP, incredibly drawn principally from the Institute for Policy Studies gutter and from the IPS affiliated CounterSpy. Numerous sources have confirmed for USLP investigators that Watson has for the past two weeks been making a battery of phone calls to corporate officials soliciting invitations to "brief" board members and security officials on the dangerous "terrorist"

organization, the U.S. Labor Party; and that Watson has recently traveled to Dallas, London, Paris and other locations in the USA presenting this road show. The Rockford center is itself funded by the Olin Foundation (a "neo-conservative" front for British Tory operations in the U.S. run by close Kennedy family social democrat Irving Kristol and by the incompetent William Simon) and by Mobil Oil Company circles associated with Herman Schmidt. RCI is further acting in direct collaboration with fascist economist Milton Friedman in "training" leaders of the tax revolt.

Heritage Foundation, Washington, D.C.: During approximately 1975, this previously uncontaminated conservative institution was targeted for intensive penetration and takeover by the above-cited Tory apparatus. At that time, Julian Amery became an associate. Himself a member of the Round Table, a graduate of Balliol College, Oxford, and an intimate of the Evelyn de Rothschild circles, Amery steered the Foundation into conducting a series of policy studies directed at developing counterdeployments to the "New World Economic Order" along the lines of "free enterprise" mythology. More importantly, he established the foot-in-the-door through which a flood of City of London agents were brought in. Among these agents were Winston Churchill III, Robert Moss, and Robert L. Schuettinger.



The Mont Pelerin Society, founded in 1947, is an informal circle of Round Table owned "economists" who gather annually in Mont Pelerin, Switzerland for the purpose of coordinating their black propaganda activities. It is this circle which is principally responsible for the Adam Smithite rubbish that is peddled today under the key-and-code phraseology of "free market" and "free enterprise" economics.

While the Heritage Foundation, along with the similarly profiled American Enterprise Institute and the Hoover Institute, represent heavily contaminated essentially "dupe" front for British Intelligence, certain "second level" control points bear identification here as well. These are identifiable as funding and marching order conduits for both the "neo-conservative" right side of the Round Table operations and the "radical-liberal" left side typified by the Kennedy machine, the Institute for Policy Studies, CounterSpy and the Fund for Investigative Journalism (all of which have featured prominently at the lower level of the present deployment against LaRouche). The Eli Lilly Endowment of Indianapolis, Ind., associated with the Standard Oil of Indiana chairman George Meyer and Henry Kissinger, has itself recently contracted a six month study of the U.S. Labor Party which is being circulated as a confidential memo among a select readership. Lilly has not only been a longtime funding conduit for the Heritage Foundation; it has simultaneously been the principal financial angel behind FIJ and CounterSpy. A rotten

element within Mobil Oil centered around Herman Schmidt is presently playing a similar role. In addition to Schmidt's involvement in the Olin' Foundation and in funding the Rockford College Institute, Schmidt has been tentatively identified as the source of heavy recent financing for CounterSpy. This coincides with evidence that CounterSpy circles are playing the coordinating role in all surveillance and gutter harassment operations directed against the Labor Party.

What has been presented here represents merely the barebones outline of the evidence being presently compiled by the U.S. Labor Party and prepared for use in federal court actions and other countermeasures. The U.S. Labor Party and the nation as a whole has no use for any institutions that have been contaminated and corrupted by the Black Guelph fascists and their Kennedy family, Kissinger, Herman Schmidt and Francis Watson field hands. For the "dumb conservatives" dupes who provide the critical cover for this Guelph horror show, the time is very rapidly drawing to a close when their complicity in British intelligence assassination plots and wrecking efforts against the U.S. economy and national security can go without accounting for. For those who choose to question the case as presented by the USLP, the only honest course of action is to launch immediate public independent investigations. The alternative is a wave of London targeted terrorist violence -- that will assuredly not stop with LaRouche.

On The Trail Of LaRouche's Assassins

The British plotters and their Lower Manhattan allies

This list has been provided by the U.S. Labor Party to the FBI, the Justice Department, and other law enforcement agencies for use in investigations of the assassination plot against party Chairman Lyndon H. LaRouche. It has also been circulated to U.S. trade union leaders, corporate and banking officials, and to the U.S. Congress.

THE BLACK GUELPH ASSASSINS

**** Evelyn de Rothschild:** director of N.M. Rothschild and Chairman of the economist — the joint policy weekly of the Rothschild and Lazard-Freres financial interests, British Round Table

**** Lord Harlech (formerly Sir David Ormsby-Gore):** his mother is Dowager Lady Harlech, assistant Lady of the Bedchamber to the Queen Mother: a member of the Cecil family whose services to the Guelph faction date back to the 16th century; board member of the Kennedy Memorial Trust and the Harvard College, Lord Harlech was the literal controller of the Kennedy Administration from his post as British Ambassador to the United States.

**** David Steel:** Liberal Party leader; British Round Table

**** William Whitelaw:** Chairman of the Conservative Party; British Round Table.

**** Count Otto von Hapsburg:** actual leader of the world environmentalist movement; president of the World Federalist movement; director of both the Mount Pelerin Society and the European Center for Documentation and Information.

**** Baron Von Taxis:** president of the Mont Pelerin Society, right-wing Black Guelph Bilderberger Society.

**** Winston Churchill III:** shadow Deputy Minister of Defense in the British Parliament; writes for the Heritage Foundation's publication, Policy Review.rh

**** Robert Moss:** senior editor of the London Economist; director Royal Institute of International Affairs (RIIA) and International Institute for Strategic Studies (IISS); member, editorial board of the Heritage Foundation's Policy Review.

**** Lord Greenhill of Harrow:** British government delegate to the board of British Petroleum Oil Co.; director, British Round Table; International Advisory Committee, First National Bank of Chicago; director of BBC and British Leyland Motors.

**** Sir Kenneth Dobson:** chairman of British Leyland, RAF in China 1941-45; IISS; director of Exxon Corp.; director, British-American Tobacco Co.

**** Sir Keith Joseph:** director, Center for Policy Studies, thinktank for British Tory Party; speech writer for Margaret Thatcher: IISS.

**** Barbara Shoenfield:** member of British Tory Party shadow government; director, Rockford College Institute.

**** Julian Amery:** senior member of Parliament specializing in defense matters; contributor Heritage Foundation's Policy Review

**** Harold Lever:** senior economic advisor to British Prime Minister Callaghan.

**** Lord Kearton:** chairman of the board, British National Oil Co.; director of the British Round Table.

**** F. Von Hayek:** Mont Pelerin Society; founder of "Vienna School" of economics; teacher and mentor to Lord Keynes and Milton Friedman.

**** Admiral LeBailey:** former director of British Secret Intelligence Service.

The American Collaborators

**** Francis M. Watson:** director of the Rockford College Institute, Rockford, Ill.; the author of the June 30 Heritage Foundation slander against the Labor Party. Watson has been touring the U.S. soliciting corporate audiences.

**** Herman Schmidt:** vice chairman, Mobil Oil Corp. which funds the Rockford College Institute; chairman of the board, American Enterprise Institute.

**** Richard D. Wood:** director, Eli Lilly Endowment, Indianapolis, Ind.; a member of the board of directors of Standard Oil of Indiana where he collaborates with SOI chairman George Meyer, British Petroleum representative Lord Dennis Greenhill and Henry Kissinger; Eli Lilly heavily funds Heritage Foundation and is a principle financier of CounterSpy and the Fund for Investigative Journalism.

**** Dr. John Howard:** president of the Rockford College Institute.

**** Max Fisher:** heads the Zionist Lobby in Michigan, reported to be involved in illicit drug trafficking in the midwest, a close associate of Henry Kissinger, Fisher's footprints showed up all over the recent assassination deployment against LaRouche in Detroit.

**** Edwin Feulner:** publisher and president of the Heritage Foundation; a member of London IISS trained at London School of Economics, opened the foundation to top-down British takeover by bringing in Winston Churchill III, Robert Moss, Roger Pearson, Julian Amery, Kingsley Amis, Herman Kahn, etc.

**** Robert L. Scheuttinger:** studies director, Heritage Foundation, London IISS member, participant in Mont Pelerin Society and associate of Otto von Hapsburg, Karl Popper and Enoch Powell.

**** Irving Kristol:** director, Olin Foundation. A longtime Kenney family associate and Harvard right-wing social democrat; controller of the funding conduit behind the present Rockford-Heritage slander program.

**** William Simon:** president of the Olin Foundation; board member, Heritage Foundation.

**** Morton Blackwell:** editor of The Right Report (William and James Buckley, Richard Viguerie); has been circulating slanderous material on USLP "KGB connections."

**** George Meyer:** chairman, Standard Oil of Indiana.

**** Irving Shapiro:** chairman of DuPont; chairman of the Business Roundtable; leader of U.S. "Israel Lobby"; leading circulator of slanders against U.S. Labor Party.

**** Henry Kissinger:** former Secretary of State.

**** Milton Friedman:** leader of "Chicago School" of economics; member of Mont Pelerin Society; director of Hoover Institution and AEI; author of Brazil and Chile models of economic genocide.

**** Hermann Kahn:** president of Hudson Institute; nuclear warfare "expert," member of editorial board of Heritage Foundation's Policy Review.

**** J.K. Jamieson:** president of ESSO United Kingdom; 1960-65; chairman of EXXON corp. 1965-75.

**** Felix Rohatyn:** senior partner, Lazard Freres; chairman, New York City Municipal Assistance Corp.

**** Henry Bloch:** partner Warburg, Pincus investment bank; background in military intelligence.

**** Richard Wood:** head of the Eli Lilly Foundation which funds CounterSpy, and left-wing terrorists, Heritage Foundation and AEI.

**** Disque Deane:** senior partner Lazard Freres; close personal friend of Max Fisher.

Europe, PLO Gird Against Threatened London Terror Wave

It is no secret that the new economic and monetary arrangements emerging from the recently concluded summit meetings at Bremen and Bonn have backed the London-centered Black Guelph factioneers into a desperate situation. They perceive that a cross-continental terror spree, led by assassinations of prominent proponents of the Grand Design such as U.S. Labor Party Chairman Lyndon LaRouche, French President Giscard, and German Chancellor Schmidt, represents their option of last resort.

But the antiterrorist clause of the Bonn communiqué, a blast by Palestine Liberation Organization Chairman

Yassir Arafat against Iraqi aid and comfort to Arab terrorism, and a West German press exposé of Israeli intelligence's refusal to apprehend the mass murder terrorist Carlos, all indicate that European and allied forces are determined to block London's terrorist option.

U.S. government-level assistance is urgently required. Intelligence agencies responsible for monitoring national security confirm that the reported appearance of members of the Baader-Meinhof terrorist gang in the U.S. is of immediate concern for the safety of U.S. Labor Party Chairman Lyndon H. LaRouche, Jr. and his associates in the United States. The reported appearance

of Baader-Meinhof gang members in New York this week marks an intense deployment to create, virtually overnight, an atmosphere of terrorist activity in the U.S., to provide the necessary chaotic climate for a murderous assault on LaRouche and the Labor Party. LaRouche's assassination would serve as the trigger to a national wave of terror rivaling the one that has swept across Europe over the past 12 months.

While the Baader-Meinhof zombies would not necessarily themselves be in a position to conduct assassinations and other terrorist acts here, it is believed that their appearance among IPS underground networks would serve as a catalyst for terrorist gangs like the FALN or the George Jackson Brigade that have been prepped for months for such an activation. In the past two weeks, both these groups have been nabbed in the preparatory stages of major terrorist incidents. In New York City, an FALN safehouse was discovered by police when a bomb detonator device blew up in the hands of an identified gang member. A cache of explosives, described by the head of the NYPD Arson and Explosives unit as the largest concentration he had seen in 25 years, was captured. A week earlier, Washington State Police and correction officers foiled a jail break attempt at Walla Walla prison involving five convicted members of the George Jackson Brigade.

LaRouche's name appeared on a Baader-Meinhof "hit list" a year ago, a list of assassination targets which also included the late Jürgen Ponto, former head of the Dresdner Bank; Hanns-Martin Schleyer, a prominent industrialist — also slain; West German Chancellor

Helmut Schmidt; and other bankers, industrialists, and national leaders who have pursued the LaRouche-inspired Grand Design program and-or parallel industrial development policies.

European Leaders Targeted

Simultaneous to this activation against LaRouche an intensive wave of terrorism has been launched in France, centered around an acknowledged assassination plot against French President and Grand Design leader Giscard. The day that U.S. authorities were arresting the Baader-Meinhof fugitive, French police were rounding up ten members of a terrorist cell called the "Revolutionary Independent Armed Group" in Toulouse. The terrorists were arrested in possession of British-and German-made weapons, communications indicating direct contact with the Italian Red Brigades, and other documents establishing a plot to assassinate Giscard during his September vacation in the tiny nation of Andorra on the French-Spanish border. Simultaneous to the arrests, a pirate radio station in southern France associated with the group was issuing further threats to assassinate the President.

In addition to the cited terrorist activation in France, Spain remains the scene of a massive terrorist offensive that government officials are now describing as an effort by the "left" to provoke a civil war against the army. On July 22, Juan Ramos, a leading official in the Defense Ministry, was assassinated by a hit team of four men and two women, tentatively identified as members of GRAPO.

Carlos Under Watchful Eye Of Israel

On July 23, the West German newspaper Bild Zeitung revealed that Israeli secret service agents have had most-wanted terrorist Carlos under surveillance for months but have not arrested him.

Next to his picture ran the caption: "Carlos, the most wanted terrorist in the world, at London's Heathrow Airport." The article, titled "Carlos the Terrorist Does What He Wants" appears below.

Unbelievable, and yet true: the most wanted terrorist in the world, Illich Ramirez, called Carlos, waiting in the middle of passengers with his arms crossed out of idleness, in London's Heathrow International Airport.

Secret service agents photographed him, but did not arrest him. How come?

They have been on his trail for months, following him like a shadow: the agents of the Israeli secret service. And now even in London, where the foreign ministers of

Egypt, Israel and America met for a discussion about peace in the Mideast.

The conference site was quickly transferred from the Churchill Hotel and its endangered security to Leeds Castle, surrounded by water and walls.

No chance for Carlos, who moved on — undisturbed by the agents.

A secret service agent (Israeli — ed.) deflected the indignation of German, English, and French terrorist experts by saying that in this way one has the international terrorist scene under better control. Besides, Carlos is wanted by so many countries that his extradition presents a legal problem.

Carlos, who first of all became famous — or infamous — through his kidnapping of the eleven Arab OPEC oil ministers at an OPEC conference in Vienna, has become a little fatter. He likes to eat, and prefers Italian food. In the past, when he was still a little boy, his aunts lovingly named him 'Gordo', the fat one.

How America Must Respond to ASEAN

U.S.-ASEAN conference will challenge U.S. development leadership

This week's ministerial conference in Washington, D.C. between the United States and the five nations of the Association of Southeast Asian Nations (ASEAN) presents another opportunity for the U.S. to demonstrate the leadership that the nations of ASEAN have looked to

raised by a closer relativity with the Occidental West. . . . There must be such a development opportunity that the requirements for a better life in the Oriental East may be filled from the almost unlimited industrial potential of the Occidental West.

SOUTHEAST ASIA

for the last three decades since their hard-fought independence—that is, the scientific and technical knowledge needed for the industrialization and progress of their still-underdeveloped economies. Despite an agenda packed with discussions of new committees, exchange programs and aid, in reality the leaders of ASEAN fear that the U.S. has not yet the wherewithal to make real progress at this conference.

Scheduled for August 3-4, this is the second round of U.S.-ASEAN dialogue, the first held last fall in Manila, the Philippines. The U.S. will be represented by Secretary of State Cyrus Vance, Treasury Secretary Blumenthal, and Energy Secretary Schlesinger, in what is seen as a bid to upgrade the importance of the conference. However, a lack of any visible U.S. policy towards the region except for the Brzezinski-led "China option" and the provocative and destabilizing Korean troop withdrawal has prompted doubts among ASEAN leaders.

U.S. relations with Southeast Asia have been the subject of foreign policy debate dating from World War II. In a speech given in Seattle, Washington in 1951, General Douglas MacArthur expressed the importance of pursuing economic cooperation which resulted in the Japanese post-war "miracle":

To the early pioneer the Pacific marked the end of his courageous westerly advance. To us it should mark but the beginning. To him it delineated our western frontier. To us that frontier has been moved across the Pacific horizon. . . . Our economic frontier now embraces the trade potentialities of Asia itself; for with the gradual rotation of the epicenter of world trade back to the Far East whence it started many centuries ago, the next thousand years will find the main world problem of raising the subnormal standards of life of its more than a billion people. The opportunities for international trade then, if pursued with the vision and courage of the early pioneer, will be limitless. . . .

There should be no rivalry between our East or our West—no pitting of Atlantic interests against those of the Pacific. The problem is global not sectorial. Living standards of the people of the Oriental East must and will be

According to reports in the *Far Eastern Economic Review*, the Indonesians fear that President Carter's attempt to put on a big diplomatic show in Washington is merely to convince the Soviet Union that ASEAN is under the control of the United States, a suspicion not unfounded since the Soviet Union as well as Vietnam has dropped accusations that ASEAN is a disguised military alliance. Both countries have expressed support for ASEAN goals, particularly moves to establish a Zone of Peace, Freedom, and Neutrality. The Thais are said to have similar apprehensions of U.S. intent. Only the Philippines, the ASEAN contact country with the U.S., and perhaps Singapore, view the meeting as a real opportunity. Most have expressed ambivalence about

ASEAN At a Glance

ASEAN was formed 11 years ago in Bangkok by the Foreign Ministers of Indonesia, Malaysia, Singapore, Thailand and the Philippines as a nonmilitary, politically and economically oriented regional organization.

In the past three years ASEAN has been working hard to enhance its regional orientation, particularly in the economic field. The present ASEAN-U.S. conference follows similar ASEAN-European Economic Community, ASEAN-Japan, ASEAN-Australia, and ASEAN-New Zealand Conferences. It has established ASEAN Chambers of Commerce and of Industry, as well as numerous committees dealing with matters ranging from industrial coordination to agriculture and banking to tourism.

In an effort to further industrialization in the region, the 1977 Summit Conference of ASEAN leaders decided to conduct feasibility studies for five industrial projects. At the time Japanese Prime Minister Fukuda pledged \$1 billion to finance these projects.

Politically the organization has been trying to promote stability in the region. In 1971 ASEAN adopted a proposal calling for the Southeast Asian region to be declared a Zone of Peace, Freedom, and Neutrality. In this effort it has moved to normalize relations with the Indochina states of Vietnam, Laos, and Cambodia.

sending their foreign or senior ministers since in the past the U.S. has seen fit to send only lesser officials.

The ASEAN-U.S. dialogue in Manila was attended by Undersecretary of State for Economic Affairs, Richard Cooper. This contrasts sharply with the Japanese and Australians who have sent Prime Minister Fukuda and Prime Minister Fraser respectively to meet with ASEAN leaders.

If ASEAN leaders are ambivalent, the American business community is despondent, at least as far as U.S. government policy is concerned. One observer with ties to the American business community in Asia says there is tremendous interest by U.S. business in ASEAN and in the upcoming dialogue, but complains that the government "doesn't have a policy." Despite this, representatives of the American Chambers of Commerce of Southeast Asia will be on hand at the meet, as well as, for the first time, the U.S. Chambers of Commerce. It is mooted that a U.S.-ASEAN businessmen's organization will be formed, as well as investment working groups.

Southeast Asia: Lands of Opportunity

The five ASEAN nations lie within a region whose population totals well over 300 million with the inclusion of the Indochinese states and Burma. Its archipelagic and continental states form a bridge to the west between Japan and the Middle East, Africa and Europe. To the south, it stretches to the industrialized Australian states and to the east, the great Pacific Basin and the west coast of the U.S. and Latin America.

These nations, with economic growth rates of from 6 to 11 percent, are perhaps more poised for economic takeoff than any other part of the developing world. Two-way trade between ASEAN and the U.S. totals over \$10 billion. The five nations possess rich mineral deposits including oil, natural gas, copper, zinc, tin, precious metals, palm oil, copra and timber. Their labor forces are comparatively more advanced than those of Africa and the Middle East. Including the rich and fertile river valleys of Indochina's Mekong River and Burma's Irrawaddy River, this region can indeed be called the lands of opportunity.

The ASEAN organization itself has the potential to become a vehicle for regional development as powerful as the European Economic Community (EEC). It is in a prime position to oversee development of the entire region, with the U.S., Japan, and Europe supplying the needed capital and technical know-how.

The potential of an ASEAN-Indochina "entente" also presents tremendous possibilities. The growing interest in ASEAN expressed by Vietnam and Laos could add to these countries' tremendous natural and human resources to the region's development capabilities. What is more, their special relationship with the Soviet Union and Eastern Europe, rather than serving as a point of suspicion, could in fact be used as the key conveyor of constructive contributions to development from the socialist sector. It is only in this cooperative atmosphere that the real destabilizing effect of Mainland China can be neutralized, if not tempered into constructive activity.

The critics of ASEAN are all too quick to point out that the organization has not reached nearly the level of

integration and cooperation that the EEC has and, in fact, is bogged down in petty differences. They point to failures to cut inter-ASEAN tariffs and achieve complementary industrialization programs. These harsh attacks fail to take into account the lack of available capital. In comparison, the EEC is composed of advanced industrial nations who are able to negotiate terms of integration concretely.

Despite differences and prejudices, all ASEAN leaders share a common commitment: the industrialization of their countries. It is this commitment that makes these leaders perhaps the most "pro-U.S." in the developing sector. Contrary to common belief, what has discouraged ASEAN countries about the U.S. is not the post-Vietnam military withdrawal from the region; most of these leaders, as nationalists, never really supported the U.S. military effort. The cause of criticism is the absence of the massive U.S. capital inflows that characterized the late 1960s, and, prior to that, the willingness on the part of leading Americans to help these nations cut themselves free from their colonialist past.

The problems facing the U.S.-ASEAN meet are formidable. North-South issues, commodities, the U.S. general system of preferences, multilateral trade negotiations, energy, and other issues will be discussed. The foremost question for conference participants will be the deplorable state of the U.S. economy, particularly the weak dollar. This is seriously undermining the region's economies since most of their external trade is denominated in U.S. dollars. The tendency toward protectionism in the U.S. as a solution to its economic problems is hurting the region's exports such as textiles and light manufacture. The second major consideration is U.S. development policy towards the region. When ASEAN met with Japanese Prime Minister Fukuda last year he promised ASEAN a billion dollars in funds for five industrial projects. Not only has there been no comparable aid package proposed by the United States, but U.S. direct investment in the region has tapered off in the past two years.

With a new European monetary system coming into being following the July 7 Bremen European Community conference and the productive proposals at Bonn, one would expect that the U.S. would have more to offer.

IMF At The Door

Indonesia is the most dramatic example of the effects of the U.S. policy vacuum in Southeast Asia. Here, the weakness of the U.S. dollar is tearing apart the fabric of the Indonesian economy. Indonesia, a country of over 130 million people and immensely rich in reserves of petroleum, natural gas as well as a vast array of mineral resources, is by far the key nation in ASEAN. Its leaders are grappling with the task of industrializing this still extremely underdeveloped country while burdened with a \$13 billion foreign debt.

The fact that Indonesian exports—dominated by \$4.5 billion in oil exports—are denominated in U.S. dollars is having a tremendous effect on the value of the Indonesian currency, the rupiah, as well as the entire development strategy of the country's planners. The rupiah's linkage to the faltering U.S. dollar is creating pressure for a change in its dollar parity, now at 415

ASEAN Trade At A Glance

MALAYSIA (PENINSULAR)

<i>Exports 1977</i>	<i>Including: (percentage)</i>	
\$2.807 billion	Rubber	28.9
	Tin	15.2
	Crude & Processed	
	Palm Oil	14.7
 <i>Imports 1977</i>		
\$2.472 billion	Machinery, Transport	
	Equipment	32.0
	Food	14.0

SINGAPORE

<i>Exports 1976</i>	<i>Including: (percentage)</i>	
\$4.316 billion	Machinery & Transport	23.7
	Fuels, Lubricants etc.	22.8
	Crude Materials	15.4
 <i>Imports 1976</i>		
\$5.581 billion	Minerals, fuels,	
	Petroleum Products	27.3
	Machinery & Transport	26.0
	Manufactured Goods	15.0

THAILAND

<i>Exports 1976</i>	<i>Including: (percentage)</i>	
\$3.04 billion	Rice	14.0
	Rubber	8.7
 <i>Imports 1976</i>		
\$3.643 billion	(Not available)	

INDONESIA

<i>Exports 1976</i>	<i>Including: (percentage)</i>	
\$8.546 billion	Oil	70.0
	Timber	9.0
	Rubber	6.0
	Coffee	3.0
 <i>Imports 1976</i>		
\$5.673 billion	Machinery	30.0
	Iron and Steel	11.0
	Transport	10.0
	Rice	8.0

PHILIPPINES

<i>Exports 1977</i>	<i>Including: (percentage)</i>	
\$3.1 billion	Sugar	16.0
	Coconut Oil	13.1
	Copper	8.5
	Logs	6.4
 <i>Imports</i>		
\$3.9 billion	Fuels	25.4
	Machinery	14.6
	Transport Equipment	8.0

rupiahs. The International Monetary Fund, whose main concern is the continued servicing of the country's \$13 billion foreign debt, wants an incredible 50 percent devaluation. The effect would be wildly inflationary and shatter the country's development and industrialization policies.

Indonesian sources are said to be considering a revaluation of 20 percent which would be a more realistic parity change. De-linking the rupiah from the dollar is not out of the question and would follow a similar move made last year when Thailand uncoupled its currency, the baht, from the U.S. dollar.

The effect is serious. Indonesia has become more and more dependent on Japanese imports of capital-equipment and manufactured goods for its industries but because oil exports are pegged in U.S. dollars these imports are becoming more expensive. The pressure on the balance-of-payments and a 10 percent increase in the import bill could wipe out Indonesia's surplus of \$728 million, forcing the Indonesians to switch to countries where currencies are depreciating—like Britain and Sweden. Given the amount of integration with the Japanese economy such a move has severe limits.

Another problem is more fundamental. Repelita III, Indonesia's third five-year development plan, is scheduled to begin in April 1979, and for the first time the oil sector will be treated as a finite resource. Already the

potential of the oil sector as a foreign-exchange earner has leveled off at \$4.5 billion and could decline in the near future. What is immediately required is the industrialization of the country to enable Indonesia to phase out primary commodity exports and to develop manufactures as exports.

Concomitant is the need to develop new energy sources. The use of solar, bio-mass and other low-efficiency energy sources is absurd and considered so by Indonesian planners who are engaged in a race against time for industrialization.

The other problem is the question of Indonesia's \$13 billion foreign debt, the servicing of which is putting the brakes on development. This year alone Indonesia will pay between \$1.3 and \$1.4 billion in interest and principal payments and in two years, the debt service ratio will hit the danger point of 20 percent of export earnings. This debt service and precarious balance-of-payments situation will substantially eat into the \$2.5 billion in loans and aid committed by the World Bank-sponsored Intergovernmental Group on Indonesia this past spring. The leveling-off of oil exports at \$4.5 billion and other exports at \$3.5 billion and imports of \$8.5 billion—which could increase given a further decline in the dollar—makes the situation acute. With debt service cutting into available resources for development, additional revenue-producing sectors cannot be created.

For if debt servicing is to be honored then money can only come through the implementation of the most vicious and suicidal austerity policy.

How will the United States government address these questions at the ASEAN conference? The record is not encouraging. In fact, the U.S. is currently backing the policy of the IMF in respect to debt and monetary questions, and using the bogus "free enterprise" line toward the development question.

A viable policy can be developed upon the foundations laid at Bremen and Bonn. That is a Grand Design conception based upon rapid development of U.S. capital exports, particularly nuclear energy. Financing could easily be arranged through U.S. cooperation in the European Monetary system proposed at Bremen, in conjunction with rapidly expanded U.S. Export-Import Bank financing.

U.S. Dirigist Leadership

There is ample precedent for this Grand Design thinking. Prominent nuclear physicist Dr. Edward Teller, while holding a series of lectures in Indonesia in the fall of 1975, proposed that the U.S. design, construct, and provisionally operate an entire network of nuclear power plants in Indonesia. He proposed financing them through oil exports to the U.S. Such a proposal, he said, had been developed by the Atomic Energy Commission under the stewardship of Dixie Lee Ray, current governor of Washington state.

Prime Minister Fukuda of Japan also called for U.S. cooperation in the development of nuclear energy in third world countries while visiting the U.S. last spring. Also, the Japanese have called for reducing their trade surplus with the U.S. through the construction of floating power plants built in Japan, and utilizing U.S.-manufactured generating equipment. The units would then be sold to developing countries on easy terms.

The failure of the U.S. to think in these terms could very well result in what General MacArthur warned of in 1951. The U.S. "would in time surrender. . . the moral, if not political leadership of the eastern hemisphere."

MacArthur, following his dismissal by President Truman from the Korean Command in 1951, warned this country that mainland China and its British supporters posed a danger to world peace. The warning holds true today. If the U.S. continues to have no policy for the region, except the so-called "China option," then Southern Asia will be opened to destructive Chinese-orchestrated tensions, such as those built up now between Cambodia and Vietnam, and China and Vietnam. The ASEAN countries could be pushed toward an accommodation with mainland China and away from the type of cooperative development policies with Indochina, Japan, Europe, and the U.S., all of which are in global vital interests.

—Dean Andromidas

Colombian Peasant Group Calls For High-Technology Development

Colombia's oldest and largest federation of small farmers, the National Agrarian Federation, has begun a campaign for advanced technology in agriculture and industry as the only way to pull the country out of economic misery and into the development policies

LATIN AMERICA

flowing from the Bremen and Bonn economic summit meetings this month. In addition to opening up Colombia's vast market for farm-related machinery, the federation campaign focuses attention on Colombia's huge uranium reserves, and its industrial potential.

The federation, known as FANAL, called on the rest of the farm federations in the country to form a coordinating group that would fight for the development of nuclear energy, the mechanization of the countryside, the expansion of food production, and the education of the peasantry.

The FANAL program for the proposed Agrarian Council puts immediate pressure on the newly elected Colombian government of Julio Cesar Turbay to follow the path of Mexican development instead of World Bank austerity. The World Bank's focus in Colombia is on

appropriate technology—manual labor projects that keep unskilled labor unskilled and rule out high technology—such as tractors—as too costly.

At this point, Turbay backs the current agricultural policy, the Integrated Rural Development program, which is based on World Bank studies and suggestions. The World Bank forces are hoping that Turbay won't want to rock the boat, especially since he will be taking power August 7 in the midst of a very unstable situation. In particular, opposing domestic factions aligned with the World Bank are ready to use labor and peasant unrest over the decline in living standards to keep Turbay in line, and, if necessary, to overthrow him. Turbay's only road to a stable government is via the development programs outlined by FANAL.

Nuclear Power Key

The FANAL initiative is bound to have an impact throughout Latin America as well as the rest of the Third World because it puts the "appropriate technology" schemes on the line. The United Nations environment program has chosen a well-known Colombian agriculture project, Las Gaviotas, as the "appropriate technology" model for the development of tropical regions in the Third World. The Gaviotas program is funded by the Ford and Rockefeller foundations and calls for

developing "intermediate technologies" like the windmill so that the area's "sensitive ecology" will not be disturbed. This is exactly the primitive mentality that FANAL wants to eradicate in order to bring the country into a nuclear era of prosperity.

As shown in the FANAL program and the interview below with FANAL leader Fausto Charris, peasants need nuclear plants, not windmills.

FANAL's insistence on nuclear power is critical within Colombia as well. Current political debate centers explicitly on the questions of whether the country will industrialize and enter the era of "nuclear energy," as called for by Gaitan Duran, Mines and Energy Minister, or whether it will deindustrialize along the Gaviotas model.

The U.S. Role

Of great importance in helping the FANAL program to launch a wave of development and industrialization is the response of U.S. and European industry.

But U.S. industry should take note that Colombia is only 1,400 miles from the Port of New Orleans, and the FANAL organizing call, in effect, is an invitation for U.S. industry to take advantage of the potential market for tractors, irrigation equipment, and mechanized industry in general.

What follows is an interview with Fausto Charris, the secretary general of the Colombian National Agrarian Federation and the moving force behind its program for advanced technology. Charris was interviewed in Bogota by *Executive Intelligence Review* correspondent Lorenzo Carrasco.

An Exclusive Interview With FANAL Secretary-General Fausto Charris

Q: In a recent statement you mentioned the necessity for Colombia to develop nuclear energy. Can you elaborate that idea, particularly how it would benefit the peasantry?

A: The peasantry has to be understood in terms of what it has been historically. It is a potential for development—not what those circles who traditionally controlled the peasants politically have told them they are: a class obsessed with their "little piece of land"; this view makes land ownership the meaning of one's existence. . . .

Thus, technological advances have a direct bearing on the peasantry. The utilization of nuclear energy, in fact, would transform the mental outlook of the peasantry, enabling it to become a semiurban population, with all the necessary public services, housing, health, and education.

It has recently come to my attention that India is planning to build agricultural complexes known as nuplexes. These are agroindustrial complexes built around a nuclear reactor base. In addition to producing fertilizers, desalinating millions of gallons of water for irrigation, the nuplex produces industrial inputs like aluminum. So the "little piece of land" becomes less important in the struggle of the peasantry. The increased agroindustrial production will cause an increased demand for industrial workers. Many of the peasants who are presently uneducated and marginal to society will become part of a strong emerging working class with the obvious, inherent benefits accompanying this process.

The production of nuclear energy in Colombia is physically possible, but those interests who are against the development of the country presently oppose it. These interests are linked especially to lending agencies which have traditionally weakened Colombia, such as the World Bank and the International Monetary Fund—for whom our country's economic independence is unacceptable.

Q: How do you see the upcoming government of Julio

César Turbay and what position will FANAL take toward it?

A: It's difficult to predict the course a President will take at the beginning of his regime. But if we consider the question in terms of the influence exerted over presidents by the machines connected to international lending institutions, we would have to assert that the next government will be mediocre—if it's not overthrown by a military coup. However, one can't overlook those layers inside the government which, if wisely encouraged by pro-development forces, would have positive effects on future struggles. Any realistically thinking pro-development movement has to think in terms of alliances. . . . At a point of crisis, FANAL would support Turbay, if the only other option were a coup d'etat. But apart from this, we would not support a president per se, but the forces which are working for the country's development and the defense of the peasantry as I described a moment ago. If Turbay represents these forces, we will support him.

Q: What do you think about the present situation in the country and what importance do you give to the unity of the agrarian federations?

A: The present situation is critical. Two forces are fighting for the control and domination of the country. One is looking to develop the country, and the other force detests this possibility. Taking this into consideration we have to reevaluate the concepts of "left" and "right" which are being used to divide those forces committed to national progress. Fortunately, these progressive forces are to be found in all social classes, but they are necessarily more prominent in the working class and peasantry. It's obvious that if Colombia develops, it will benefit all Colombians, but if backwardness prevails, then only a small alienated minority, (the faction) now really controlling things, will gain.

Q: What can you tell us about the National Labor Council, CNS (this consists of the country's four labor federations—ed.) and CONA's (the proposed National Agrarian Council—ed.) relation to it?

A: The formation of the National Labor Council (in Sept. 1977—ed.) was a real victory for the working class if you look at the history of the trade union movement in this country. The real question is, what will the working class do now that the CNS exists? . . . If we workers and peasants value the CNS's creation, you can imagine how the country's antihumanist forces see its strength; their greatest aim is to destroy it by converting it into an anarchist entity.

The Colombian population is waiting to see who the CNS's leaders will be and how they will influence it programmatically. Various of this country's anti-development sectors are trying to take control of the CNS by taking over the leadership of two of the four union federations which belong to it. . . . I feel that to counteract the moves by antinationalist elements infiltrated in the labor movement, we must immediately pose a development program for the country as a political alternative. If this doesn't occur, then we can't look for positive results from the CNS.

In terms of CONA's relationship to the CNS, this must be established on two levels: organizationally and programmatically. In terms of the latter, FANAL has stated that CONA is a key element in the CNS's struggle. If we want to push through a general wage increase, then we have to address the problem of low food production that presently afflicts the country. As FANAL has stated, the CNS through CONA will link its own struggle to the peasantry's fight for better living conditions. The latter is possible only through the mechanization and modernization of the countryside, and effecting necessary changes in land tenure from that of feudal *latifundios* (large land holdings—ed.) and the *minifundio* (small plots of land—ed.) to the establishment of large cooperatives, which utilize the most advanced technology.

Program for Industrialization

Q: You've told us that unity by itself would be tenuous. How do you plan to consolidate CONA?

A: Very simply, unity must be based on a program for governing, presented to the country by the working class, via the CNS. It must be based on the all-around industrial and agricultural development of the country. This can be done through modern technology, complemented by the utilization of nuclear energy, which is quite feasible in

Colombia given the abundance of uranium reserves. This in turn would create the impetus for technical education on a short-term basis to increase workers' skill levels and allow them to take advantage of these favorable circumstances. First of all, production would be directed not fundamentally to export as it is now, but rather for developing those industrial areas geared to reinvestment in industry and to complement agroindustrial programs and technical production of food and raw materials which the country needs. This would mean production of heavy machinery for agriculture, and of fertilizers, taking advantage of the country's reserves of phosphoric rock and petroleum derivatives.

This would logically bring about an increase in real production, which would lead to the reduction and effective control of prices, the unprecedented employment of the country's labor force, and the fiscal strengthening of the state for investment in public services, housing, health, and especially education.

Q: Within this program, what do you pose as an alternative for the unemployed?

A: They would benefit the most from the development of the country. There are two theories that address this social problem. The program of the antihumanist sector led by the World Bank and the International Monetary Fund, with the complicity of the last several governments, consists in denying technological progress and employing the unemployed in labor-intensive programs without regard to production. These "pick and shovel" programs, as they are called by the above mentioned agencies, mean greater effort on the part of the worker, less production and lower wages.

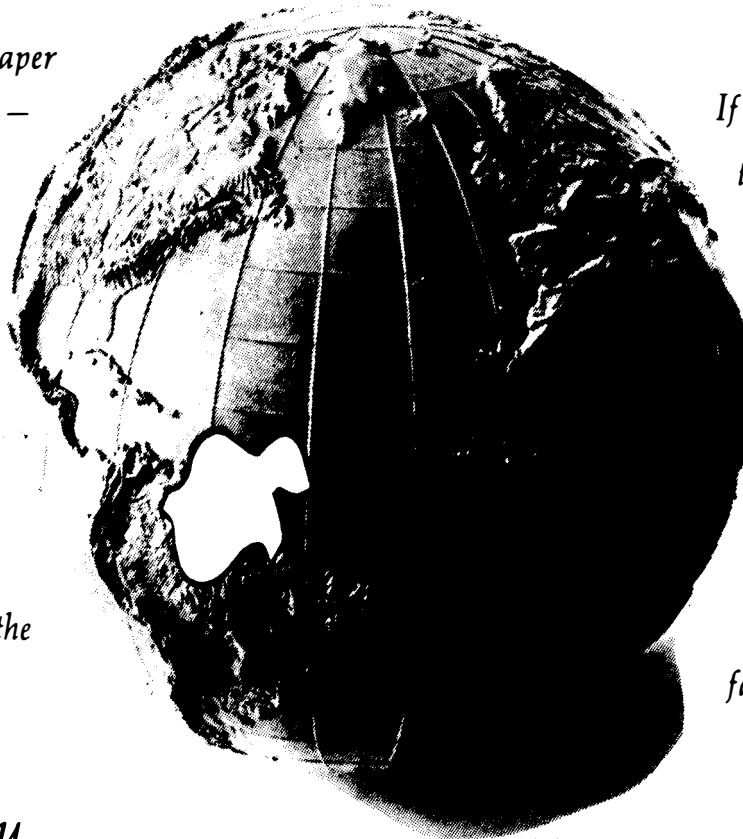
The second theory poses a solution to the unemployment problem, based on the global development of the country; that is to say, it does not negate technology, but rather stresses the education of the population so that it is capable of dealing with these advances. This is only possible through a global program for development presented by the CNS and supported by the nationalist sector. As FANAL recently pointed out, the alternative to this problem is to unite the unemployed to the fight of the employed working class. If this unity fails, the unemployed sectors could be used as a battering ram against the trade unions and the mass of employed workers.

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